

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Cadillac	County Wexford
Fiscal Year End June 30, 2006	Opinion Date September 1, 2006	Date Audit Report Submitted to State December 13, 2006	

We affirm that:

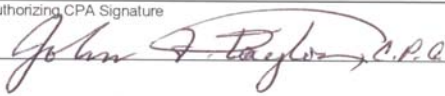
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. ☒ ☐ The local unit has adopted a budget for all required funds.
 5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. ☒ ☐ The local unit is free of repeated comments from previous years.
 12. ☒ ☐ The audit opinion is UNQUALIFIED.
 13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 W. Harris Street		City Cadillac	State MI
Authorizing CPA Signature 		Printed Name John F. Taylor, C.P.A.	Zip 49601
		License Number 1101008199	

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
<u>SECTION I: INTRODUCTORY SECTION</u>	
Letter of Transmittal	I-VII
Certificate of Achievement for Excellence in Financial Reporting	VIII
Chart of Organization	IX
<u>SECTION II: FINANCIAL SECTION</u>	
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-xiv
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1-2
Statement of Activities	3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4-5
Reconciliation of the Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	8-9
Proprietary Funds	
Statement of Net Assets	10-13
Reconciliation of the Statement of Net Assets of Proprietary Funds to the Statement of Net Assets	14
Statement of Revenues, Expenses, and Changes in Fund Net Assets	15-16
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets to the Statement of Activities	17
Statement of Cash Flows	18-21
Fiduciary Funds	
Statement of Fiduciary Net Assets	22
Statement of Changes in Fiduciary Net Assets	23
Component Units	
Statement of Net Assets	24
Statement of Activities	25
Notes to Financial Statements	26-62
Required Supplementary Information	
Budgetary Comparison Schedule - Major Governmental Funds	63
Schedules of Funding Progress	64
Notes to Required Supplementary Information	65

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Financial Statements of Individual Funds	
Major Governmental Funds	
<u>General Fund</u>	
Comparative Balance Sheet	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	67
Analysis of Revenues - Budget and Actual	68-69
Analysis of Expenditures - Budget and Actual	70-77
<u>Major Street Fund</u>	
Comparative Balance Sheet	78
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	79-82
<u>Local Street Fund</u>	
Comparative Balance Sheet	83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84-86
<u>Special Assessments Capital Projects Fund</u>	
Comparative Balance Sheet	87
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	88
Major Proprietary Funds	
<u>Water and Sewer Fund</u>	
Comparative Statement of Net Assets	89-90
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	91
Comparative Statement of Cash Flows	92-93
Schedule of Operating Expenses by Department - Budget and Actual	94-101
<u>Building Authority Operating Fund</u>	
Comparative Statement of Net Assets	102-103
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	104
Comparative Statement of Cash Flows	105-106
Nonmajor Governmental Funds - By Fund Type	
Combining Balance Sheet	107-108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	109-110

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Nonmajor Special Revenue Funds	
Combining Balance Sheet	111-112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113-114
<u>Cemetery Operating Fund</u>	
Comparative Balance Sheet	115
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	116
<u>Community Development Fund</u>	
Comparative Balance Sheet	117
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	118
<u>H.L. Green Operating Fund</u>	
Comparative Balance Sheet	119
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	120
<u>Cadillac Development Fund</u>	
Comparative Balance Sheet	121
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	122
<u>Naval Reserve Center Fund</u>	
Comparative Balance Sheet	123
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	124
<u>Clam River Greenway Fund</u>	
Comparative Balance Sheet	125
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	126
<u>Building Inspection Fund</u>	
Comparative Balance Sheet	127
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	128
<u>Rental Rehabilitation Grant Fund</u>	
Comparative Balance Sheet	129
Schedule of Revenues, Expenditures and Changes in Fund Balance	130
<u>Milfoil Eradication Fund</u>	
Balance Sheet	131
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	132

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Nonmajor Debt Service Fund	
Combining Balance Sheet	133-135
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	136-138
<u>1990 Michigan Transportation Fund Debt Retirement Fund</u>	
Comparative Balance Sheet	139
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	140
<u>1992 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	141
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	142
<u>1993 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	143
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	144
<u>1993 Michigan Transportation Fund Debt Retirement Fund</u>	
Comparative Balance Sheet	145
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	146
<u>1996 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	147
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	148
<u>1996 Michigan Transportation Fund Debt Retirement Fund</u>	
Comparative Balance Sheet	149
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	150
<u>1997 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	151
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	152
<u>1997 Michigan Transportation Fund Debt Retirement Fund</u>	
Comparative Balance Sheet	153
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	154
<u>1997 Building Authority Debt Retirement Fund</u>	
Comparative Balance Sheet	155
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	156

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
<u>2000 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	157
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	158
<u>2000 Michigan Transportation Fund Debt Retirement Fund</u>	
Comparative Balance Sheet	159
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	160
<u>2002 Special Assessment Debt Retirement Fund</u>	
Comparative Balance Sheet	161
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	162
<u>2004 Capital Improvement Bonds Debt Retirement Fund</u>	
Comparative Balance Sheet	163
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	164
Nonmajor Capital Projects Funds	
Combining Balance Sheet	165
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	166
<u>Industrial Park Fund</u>	
Comparative Balance Sheet	167
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	168
<u>James E. Potvin Industrial Park Fund</u>	
Comparative Balance Sheet	169
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	170
Nonmajor Permanent Funds	
Combining Balance Sheet	171
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	172
<u>Cemetery Perpetual Care Fund</u>	
Comparative Balance Sheet	173
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	174
<u>Capital Projects Trust Fund</u>	
Comparative Balance Sheet	175
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	176

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

PAGES

Nonmajor Proprietary Funds

Automobile Parking System

Comparative Statement of Net Assets	177
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	178
Comparative Statement of Cash Flows	179-180

Internal Service Funds

Combining Statement of Net Assets	181-182
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	183-184
Combining Statement of Cash Flows	185-188

Central Stores and Municipal Garage Fund

Comparative Statement of Net Assets	189-190
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	191-192
Comparative Statement of Cash Flows	193-194

Data Processing Fund

Comparative Statement of Net Assets	195
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	196
Comparative Statement of Cash Flows	197-198

Self-Insurance Fund

Comparative Statement of Net Assets	199
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	200
Comparative Statement of Cash Flows	201

Safety Fund

Comparative Statement of Net Assets	202
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	203
Comparative Statement of Cash Flows	204

Pension Trust Fund

Policemen and Firemen Retirement System

Comparative Statement of Fiduciary Net Assets	205
Comparative Statement of Changes in Fiduciary Net Assets	206

Agency Funds

Combining Statement of Changes in Assets and Liabilities - All Agency Funds	207-208
--	---------

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Component Units	
Combining Balance Sheet - Major and Nonmajor Component Units	209-210
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Major and Nonmajor Governmental Component Units	211
Major Component Unit	
<u>L.D.F.A. Funds</u>	
Combining Balance Sheet	212
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – L.D.F.A. Governmental Funds	213
<u>L.D.F.A. Operating Fund</u>	
Comparative Balance Sheet	214
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	215
<u>L.D.F.A. Debt Retirement Fund</u>	
Comparative Balance Sheet	216
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	217
<u>L.D.F.A. Utilities Fund</u>	
Comparative Statement of Net Assets	218
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	219
Comparative Statement of Cash Flows	220
Nonmajor Component Units	
Combining Balance Sheet – Nonmajor Governmental Component Units	221-222
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Component Units	223-224
<u>Downtown Development Authority Funds</u>	
Combining Balance Sheet	225
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	226
<u>Downtown Development Authority</u>	
Comparative Balance Sheet	227
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	228
<u>D.D.A. Capital Projects Fund</u>	
Comparative Balance Sheet	229
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	230

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
<u>Economic Development Corporation</u>	
Comparative Balance Sheet	231
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	232
<u>Brownfield Redevelopment Authority</u>	
Comparative Balance Sheet	233
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	234
Schedules	
<u>General Obligation Bonds Payable</u>	
1996 Michigan Transportation Fund Bonds	235
1997 Michigan Transportation Fund Bonds	236
2000 Michigan Transportation Fund Bonds	237
1997 Building Authority Bonds	238
2004 General Obligation Capital Improvement Bonds	239-240
<u>Special Assessment Bonds Payable</u>	
1992 Special Assessment Limited Tax Bonds	241
1993 Special Assessment Limited Tax Bonds	242
1996 Special Assessment Limited Tax Bonds	243
1997 Special Assessment Limited Tax Bonds	244
2000 Special Assessment Limited Tax Bonds	245
2002 Special Assessment Limited Tax Bonds	246
<u>Revenue Bonds Payable</u>	
1993 Water Supply and Wastewater System Revenue Refunding Bonds	247
1995 Water Supply and Wastewater System Revenue Bonds	248
1999 Water Supply and Wastewater System Revenue and Revenue Refunding Bonds	249-250
2001 Water and Sewer Revenue and Revenue Refunding Bonds	251-252
<u>Building Authority Bonds</u>	
1999 Building Authority Refunding Bonds	253-254
<u>Tax Rolls</u>	
Statement of 2005 Primary Government Tax Roll	255
Statement of 2005 Local Development Finance Authority Tax Roll	256
Statement of 2005 Downtown Development Authority Tax Roll	257
Statement of 2005 Brownfield Redevelopment District Tax Roll	258
Statement of 2005 Primary Government Industrial Facilities Tax Roll	259
Statement of 2005 Local Development Finance Authority Industrial Facilities Tax Roll	260

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
<u>SECTION III: STATISTICAL SECTION</u>	
Net Assets by Component	261
Changes in Net Assets	262-263
Fund Balance of Governmental Funds	264
Change in Fund Balances of Governmental Funds	265-266
Taxable Value and Estimated Actual Value of Taxable Property	267
Property Tax Rates-Direct and Overlapping Governments	268
Principal Property Tax Payers	269
Property Tax Levies and Collections	270
Ratios of Outstanding Debt by Type	271
Ratios of General Bonded Debt Outstanding	272
Direct and Overlapping Governmental Activities Debt	273
Legal Debt Margin Information	274
Pledged-Revenue Coverage	275
Demographic and Economic Statistics	276
Principal Employers	277
Full-Time Equivalent City Employees by Function	278
Operating Indicators by Function	279
Capital Asset Statistics by Function	280
Municipal Employees Retirement System Comparative Schedule	281-284
Policemen and Firemen Retirement System Comparative Schedule	285-286
Labor Agreements	287
Tax Information	288
Number of Water Supply and Wastewater Treatment Customers	289
Monthly Ready-To-Serve Charge for Fire Protection	290
Monthly Water Supply Ready-To-Serve Charge by Meter Classification	290
Monthly Read-To-Serve Charge for Wastewater Treatment	291
Fifteen Largest Water and Sewer Users	292
Monthly Water Supply Commodity Charge	292
Monthly Wastewater Treatment Commodity Charge	293
Water Supply and Wastewater Treatment Volume as Pumped	294
Water Supply and Wastewater Treatment Volume Billed by Meter Classification	295

November 20, 2006

To the citizens of the City of Cadillac:

The comprehensive annual financial report of the City of Cadillac for the fiscal year ended June 30, 2006, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Baird, Cotter and Bishop, P.C., was selected once again this year to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2006, are free of material misstatement. The firm concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cadillac's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with generally accepted accounting principles (GAAP).

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules. This year's financial section also includes, in accordance with GAAP, a narrative introduction, overview, and analysis to accompany the basic financial statements called Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on an annual basis.

PROFILE OF GOVERNMENT

The City of Cadillac was incorporated in 1877 and serves as the county seat of Wexford County. It is located in beautiful Northern Michigan and offers four very separate and distinct seasons

which provide a variety of recreational opportunities for visitors. The community is also recognized as the largest manufacturing base north of Grand Rapids, and therefore provides employment opportunities which create an excellent quality of life for the year-round residents. Cadillac occupies nine square miles, which includes a lake that is entirely within the city limits. The City government operates under a council/manager form of government and was one of the first municipalities in the state of Michigan to adopt this form of local governance. The City Council consists of four council members and a mayor elected at large. The council members are elected on a nonpartisan basis to staggered four-year terms based on four districts within the city. The mayor serves a two year term. The chief function of the City Council is to hire a City Manager and take legislative action as appropriate.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City is financially accountable for the Cadillac Building Authority, the Downtown Development Authority, the Local Development Finance Authority, the Economic Development Corporation, the Brownfield Redevelopment Authority and the Policemen and Firemen Retirement System; therefore, these activities are included in the reporting entity. However, the Wexford County Airport Authority, the Cadillac Area Public School District, the Cadillac-Wexford Transit Authority, and the Cadillac Housing Commission have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Management of the City of Cadillac is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonability recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

The City of Cadillac maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council. All activities of the City are budgeted and included in the annual appropriation budget in compliance with the State of Michigan P.A. 621. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control for all transfers for the budget amounts within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level. The budget is approved by the city council annually by ordinance and amended by resolution quarterly as needed.

Cadillac is an extremely stable local unit of government, serving a well-rounded community. This stability has allowed for a long-term philosophy to be incorporated into the budgeting process for the City of Cadillac.

ECONOMIC CONDITION AND OUTLOOK

With the second highest unemployment rate in the United States, Michigan's economic climate is not healthy. The heavy concentration of the auto industry within our borders has left Michigan especially vulnerable to down turns in this sector. Delphi Corporation was a major concern last year when this company was forced into bankruptcy. This concern has been expanded greatly with the Big Three automakers all experiencing significant difficulties in 2006. General Motors has recently completed a major restructuring in an attempt to return to profitability. Chrysler has been a leader in innovation, but recent sales are significantly below forecasted volumes. Ford appears to be challenged to the greatest degree and major changes to the organizational structure will be necessary to safeguard the future financial viability of this company.

Political leadership in the state of Michigan recognizes the challenges that the auto industry and all other businesses in the state are facing. To this end, there has been significant discussion in Lansing regarding what changes are necessary to the business climate to help the struggling economy rebound. The state tax structure has received much attention, resulting in the elimination of the single business tax (SBT) beginning on December 31, 2007. However, this action was taken without identifying a replacement source of revenue, or conversely, which governmental services would be eliminated if this tax revenue is not replaced. Unfortunately, this hasty action by the state legislature was not well received by Wall Street, further eroding the economic stability in the state. Discussion also focused on the elimination of another primary source of revenue for local governmental units, that being personal property taxes. If this tax is cut, and/or completely eliminated, alternative funding would be required to avoid wholesale cuts in local services.

Therefore, this coming year will focus much energy on revamping the state tax code to address the loss of funds from the SBT, while at the same time attempting to improve the business climate throughout the state. A recent report released by the Michigan Municipal League makes the argument that Michigan's tax structure is not the most problematic area of the economy, but rather many other factors are involved as well. Municipalities throughout the state are hopeful that our elected officials in Lansing will recognize this situation and appropriately address all of the challenges that our business community faces, and not simply focus on the tax system.

The Cadillac business community continues to be stable, in spite of the poor business climate found throughout the state. However, we are certainly not without our own challenges. Cadillac's largest taxpayer and utility user, Hayes Lemmerz Inc., was faced with the real prospect of permanently closing its doors last fall. An aggressive local effort was led by the City of Cadillac to retain this business in our community. This retention activity culminated with an amendment to existing state law, which was necessary to allow the company to be eligible for a significant tax credit (MEGA tax credit) from the State of Michigan. This resulted in the sale of the company to a new entity called Cadillac Casting Inc. The owners were then able to maintain the operation in Cadillac, which resulted in the retention of over 700 jobs, while also preserving the local tax base.

The sale of one of our other major employers also occurred last year with the management team of Avon Automotive purchasing this division from the parent, Avon Rubber and Plastics. Many

options were available to this company as sites of operation were explored and justified through the sale. Activities were retained in Cadillac, again by the City being able to obtain a MEGA tax credit on behalf of the company, which leveled the playing field with other locations throughout the country.

Piranha Hose was also sold during this past fiscal year. The City of Cadillac and the Cadillac Industrial Fund partnered through the use of tax incentives and the provision of a spec building to encourage the new owners to keep, and in this case, expand operations in Cadillac. A new FedEx project was also brought into the community during this same time frame, resulting in additional job creation and private investment.

These few examples demonstrate the constant pressure that communities face regarding the maintenance of their local economies. Cadillac has focused on the retention and expansion of its existing business climate and this methodology has served the community well over the past year, which has positioned us for stable and positive growth in the short term.

The housing boom that began late last year has continued. Over 500 new apartments have been approved for construction, with over 300 of these coming on line during this current fiscal year. This has occurred after many years of little to no activity in this sector. Cadillac was recently identified by *Business Week* as the tenth most affordable housing market in the country, which can be attributed in part to this most recent growth.

Cadillac's focus on the preservation of our existing housing stock continued over this past year with the City receiving a "Cool Cities" designation from the State of Michigan and "Preserve America Community" recognition from Washington DC. These awards are indicative of the local effort aimed at protecting and expanding the quality of life in our community by committing resources to pre-existing and well established single-family neighborhoods.

Downtown Cadillac was also a focal point for action over this past year with much emphasis being placed on the redesign of the Mitchell Street streetscape. After much review and local discussion, consensus was reached on a design which greatly improves safety and pedestrian movement throughout the core downtown area. Bump outs, highly visible crosswalks, mid-street islands with intensive landscaping, and lit bollards all will combine to create the desired effect. This undertaking will require the procurement of grant dollars through the State of Michigan and initial steps to achieve this goal are well underway.

Additionally, downtown also witnessed significant activity from the private sector with two major structures being completely remodeled along with the construction of a new condominium project. The combined investment through these three projects will greatly increase the taxable value of the central business district while also creating the necessary synergy for future investment.

Our natural resources, which are so important to the local quality of life and the tourist trade as well, were seriously threatened with the arrival of watermilfoil in Lake Cadillac. This non-native, highly invasive species will overrun all native plants in a lake if left untreated, leaving the body of water unusable for most recreational pursuits. The City and local citizenry quickly mobilized

as a team to develop a funding and treatment strategy to successfully eradicate this problematic weed. This action took place over the course of one year, which is a remarkable response time as compared to other communities which have dealt with this same challenge.

From an organizational perspective, the City of Cadillac faced many financial challenges this year. Revenue sharing from the State of Michigan was once again not fully funded, with the City receiving the same level of revenue as that which was received in 1998. This effectively resulted in an eight-year freeze to this most important revenue stream. Proposal A continues to restrict local property tax revenue and two ballot proposals (K-16 and SOS) threatened to greatly reduce revenues to an even greater degree. Thankfully, both initiatives were defeated, but are expected to return as future ballot initiatives. The City focus on increasing efficiencies through the use of technology continues in an attempt to maintain quality public services. New software throughout the organization has helped in this regard. Most notably, the full implementation of a new radio read utility meter reading program has resulted in very real and identifiable gains in productivity over this past year. This has allowed for staff reduction in the Utilities Department, leading to additional savings.

FUTURE OUTLOOK

Michigan will continue to struggle economically as the auto industry attempts to “right size” for the new position it finds itself in as a part of the global economy. Other manufacturers are facing this same challenge. This will not be a quick or easy task and all communities in Michigan will continue to be influenced by this slow and painful process to varying degrees. The diversity found throughout our manufacturing base will help to mitigate this impact on Cadillac.

Various tax cutting initiatives will continue at the state level as decision makers struggle to identify and resolve the many issues in Michigan which are holding back the state’s economic recovery. Additionally, the loss in revenue from the elimination of the single business tax will have to be addressed, and is sure to be hotly debated over the next year. Clear winners and losers will be identified through this process as the new tax structure is developed and implemented. Cumulatively, this uncertainty will negatively impact business decisions in Michigan, further slowing the overall state recovery. The City of Cadillac will follow this process closely and participate where possible to ensure the interests of our community and citizens are well represented and protected.

Locally, we anticipate stable to slight growth in our manufacturing sector as a result of our targeted retention and expansion efforts. The boom in the local housing market will support this growth. However, much uncertainty surrounds this most important sector of our economy, and ultimately the recovery of the domestic auto industry will drive the success or failure for many of our local companies. We also anticipate stability in our tourist industry, but fluctuating gas prices will continue to create uncertainties in this arena as well.

Groundwater issues will consume a significant amount of resources over the next few years. While the previously developed groundwater treatment system funded through the Local Development Finance Authority is doing an excellent job of protecting our well field from known contaminants, recently discovered groundwater plumes pose new threats to our drinking

water supply. These threats will need to be fully delineated and ultimately treated, if appropriate. The County Landfill also faces a number of challenges with groundwater contamination issues of its own, which when coupled with serious funding shortfalls resulting from reduced volumes will significantly threaten this operation. The City will actively work with the County to secure the future viability of this facility to ensure long term and affordable solid waste management for all county residents.

Unfortunately, last year we witnessed the dissolution of the countywide effort focused on bringing local units of government together to study consolidation of various public services. This endeavor ended when various participating units of local government declined to continue with the process. Future financial pressures may dictate that these entities once again look to neighboring municipalities to combine resources to maintain the provision of necessary public services.

Even though we have clear challenges ahead, we are fortunate that this community has laid the groundwork to proactively and aggressively respond to these situations, and turn them into opportunities for growth and added stability. Accountability to the local citizenry remains a key issue as tough decisions affecting service quality and quantity are made. The City master plan will be updated within the next fiscal year, which will not only add to the planning base that is already in place, but also will open dialog with our citizens to help define the future direction most desired for the community.

OTHER INFORMATION

Debt Administration: At June 30, 2006, the City had a number of debt issues outstanding. These issues included \$1,525,000 of general obligation bonds, \$625,000 of special assessment debt, and \$928,000 of other long-term debt. Cadillac has obtained a bond rating of an A- from Standard and Poor's for its general obligation issues and a rating of BBB+ for the revenue bonds. The City also received a rating of Baal from Moody's Investors Service for the revenue bond issues. The net bonded debt per capita equaled \$151.90, down from \$165.61 in 2005. There were no new debt issues in 2006; therefore the decrease resulted from normal principal payments made throughout the year.

Cash Management: Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The investments follow the investment policy set by the City Council to maximize the return but at a reduced risk and concern for liquidity. Interest earned on idle funds increased from \$406,914 in 2005 to \$420,728 in 2006. This represents an increase in interest revenue of \$13,814. An upward trend in rates of return as well as a slight increase in funds available to invest contributed to the upswing in interest earnings for the year.

Risk Management: The City of Cadillac renegotiated an agreement with its current liability carrier. This arrangement allows the City to control insurance costs and safeguard against large single-year rate increases that can occur as a result of poor claims experience. However, aggressive risk control strategies, including an active safety training program and a recently adopted sidewalk inspection program have been employed to minimize losses and place the City

in a favorable renewal posture. The City reviews its liability rates annually in order to secure the highest level of service at the most competitive rate.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cadillac for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twenty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Cadillac published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device. This award has been received twenty-two consecutive years.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,



PETER D. STALKER,
CITY MANAGER



DALE M. WALKER,
DIRECTOR OF FINANCE

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cadillac,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Cara E. Perry

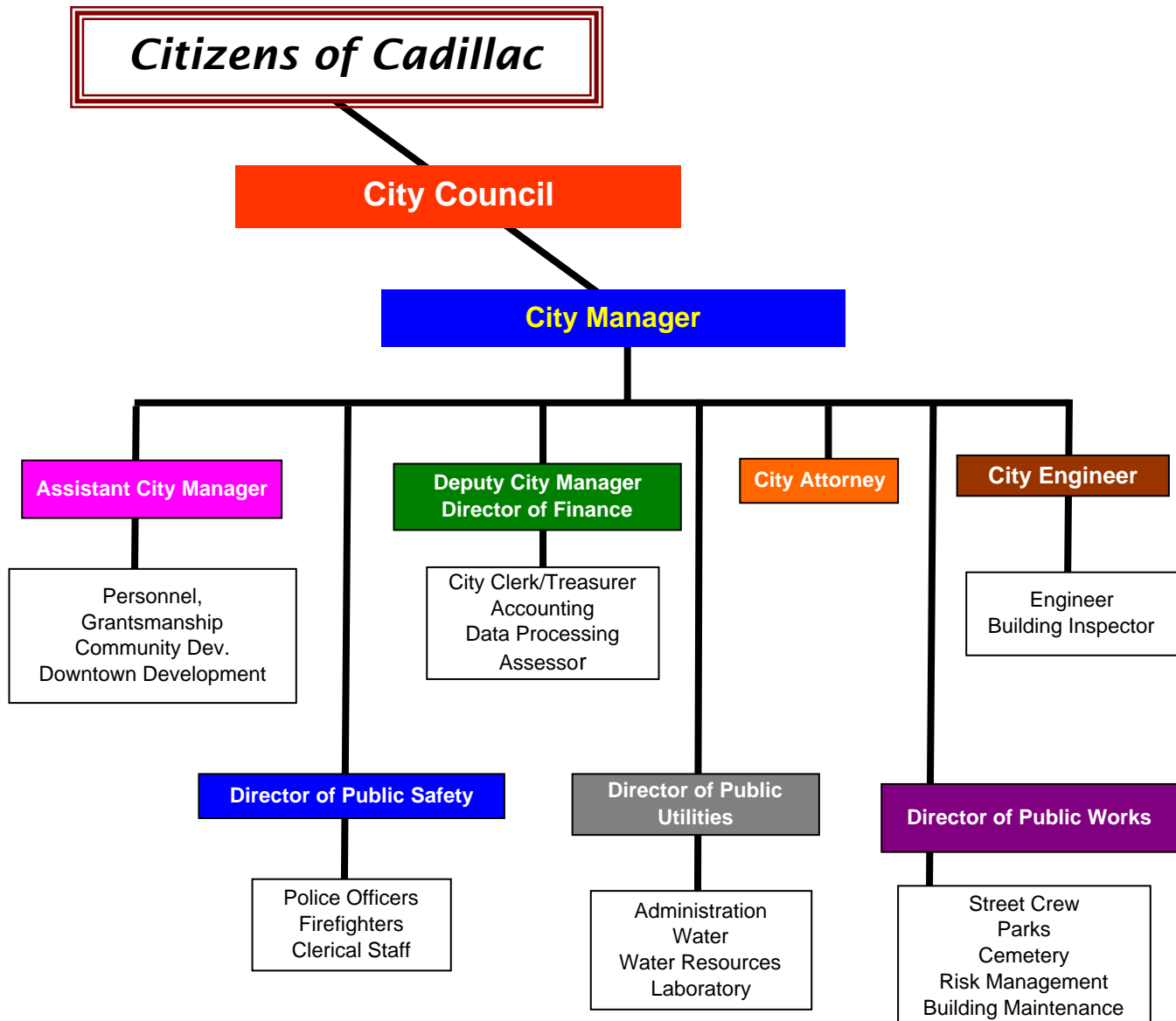
President

Jeffrey R. Emer

Executive Director

City of Cadillac Chart of Organization

2005-2006



134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

September 1, 2006

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, the business – type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cadillac, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cadillac, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cadillac, Michigan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through xiv and budgetary comparison information on pages 63 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cadillac, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, other supplementary information and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Management's Discussion and Analysis

The management of the City of Cadillac, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- The assets of the City exceeded its liabilities at the close of this fiscal year by \$34.7 million (shown as *Net Assets*), representing an increase of \$610,398 over the previous fiscal year. Governmental Funds represented \$287,336 of this increase, while Business-Type activities accounted for \$323,062 of the increase.

Fund Level Financial Highlights

- As of June 30, 2006, the governmental funds of the City of Cadillac reported combined ending fund balances of \$5,841,713, of which \$3,481,312 is unreserved.
- The unreserved fund balance of the City's General Fund increased this year to \$1,365,783, or 21.6% of total General Fund expenditures.

Long-Term Debt

- The City of Cadillac's total debt **decreased** by \$843,000 during the fiscal year. No new debt issues were undertaken in the fiscal year.

Overview of the Financial Statements

The City of Cadillac's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements This report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the City's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the Net Assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an

improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the City include water and sewer utility services, an auto parking activity as well as the operation of a Building Authority.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The City's major Governmental Funds include the General Fund, Major Street Fund, Local Street Fund and the Special Assessment Capital Projects Fund. The major Proprietary Funds include the Water & Sewer Fund and the Building Authority Operating Fund. Presentation of major funds can be found on Pages 66-106 of this document.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Cadillac uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual basis of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the City include the General Fund as well as the special revenue, capital project, debt service and permanent funds.

Proprietary Funds Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has three enterprise funds, which are the Water and Sewer Fund, the Auto Parking Fund, and the Building Authority Operating Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the City. These funds allow the City to allocate costs of centralized services such as the City's vehicle fleet and data processing services. The City has four internal service funds, including the Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

Component Units The City's Comprehensive Annual Financial Report includes reporting on separate legal entities for which the City has some level of financial responsibility. These funds are shown in a separate column. The City's component units include the Downtown Development Authority, the Downtown Development Authority Capital Projects, the Local Development Finance Authority Operating, Debt Retirement and Utilities Funds, the Brownfield Redevelopment Authority Fund, and the Economic Development Corporation.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on Page 26 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on Page 63 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the City's financial position over time. The Net Assets of the City are \$34,706,077 at June 30, 2006, meaning that the City's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

City of Cadillac

Net Assets

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 8,131	\$ 7,935	\$ 4,429	\$ 4,499	\$ 12,560	\$ 12,434
Capital Assets	15,169	14,981	19,775	20,115	34,944	35,096
Total Assets	\$ 23,300	\$ 22,916	\$ 24,204	\$ 24,614	\$ 47,504	\$ 47,530
Long-term liabilities	\$ 2,893	\$ 2,950	\$ 7,906	\$ 8,352	\$ 10,799	\$ 11,302
Other liabilities	1,145	1,242	854	890	1,999	2,132
Total Liabilities	\$ 4,038	\$ 4,192	\$ 8,760	\$ 9,242	\$ 12,798	\$ 13,434
Net Assets						
Invested in capital assets						
net of related debt	12,563	11,980	11,404	11,317	23,967	23,297
Restricted	792	457	1,656	2,048	2,448	2,505
Unrestricted	5,907	6,537	2,384	1,756	8,291	8,293
Total Net Assets	\$ 19,262	\$ 18,974	\$ 15,444	\$ 15,121	\$ 34,706	\$ 34,095

The most significant portion of the City's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City has \$8,290,681 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net assets of the City increased \$610,398 in this fiscal year, which is a good indicator that the City experienced positive financial growth during the year. As a result, the City ended the fiscal year in better condition than when the year started.

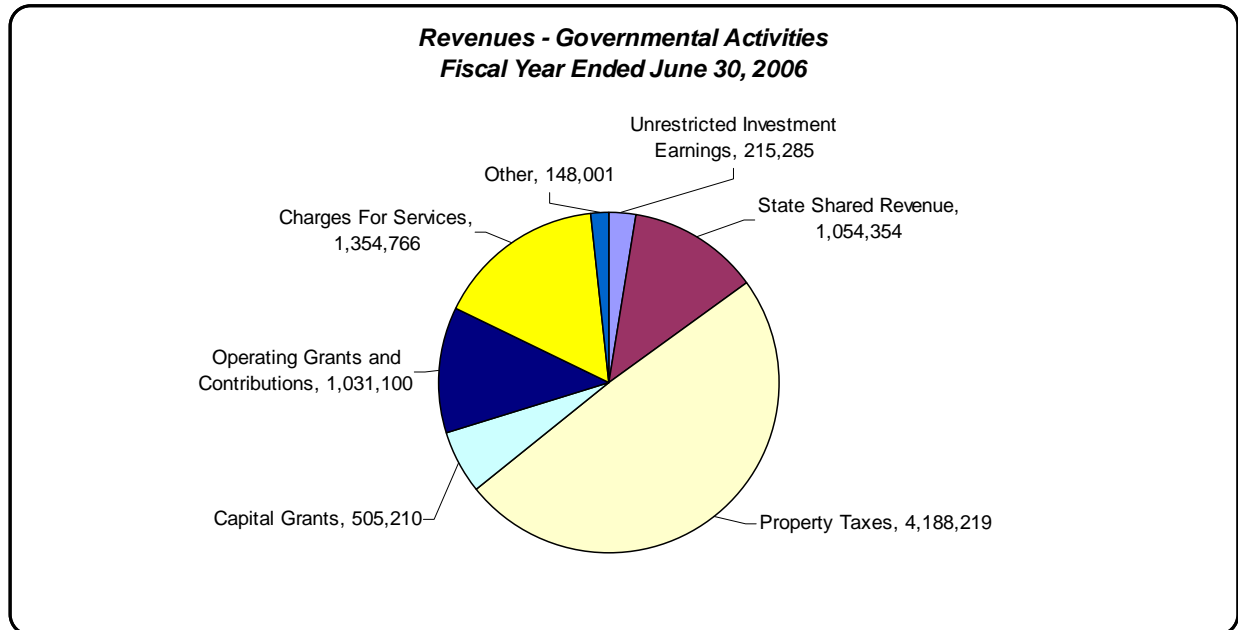
The following table illustrates and summarizes the results of the changes in the Net Assets for the City. The condensed information was derived from the Government-wide Statement of Activities.

City of Cadillac
Change in Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2004</u>
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 1,355	\$ 1,180	\$ 3,916	\$ 3,637	\$ 5,271	\$ 4,817
Operating Grants and Contributions	1,031	969	76	14	1,107	983
Capital Grants	505	739			505	739
General Revenues						
Property Taxes and Assessments	4,188	3,667			4,188	3,667
State Shared Revenue	1,055	1,066			1,055	1,066
Unrestricted Investment Earnings	215	182	115	90	330	272
Other	148	242			148	242
Total Revenues	\$ 8,497	\$ 8,045	\$ 4,107	\$ 3,741	\$ 12,604	\$ 11,786
<u>Expenses</u>						
General Government, Administrative	\$ 2,313	\$ 1,695			\$ 2,313	\$ 1,695
Public Safety	3,403	3,322			3,403	3,322
Public Works	1,834	2,300			1,834	2,300
Recreation and Culture	417	285			417	285
Redevelopment and Housing	51	119			51	119
Economic Development/Assistance	74	85			74	85
Intergovernmental		100			-	100
Interest on Long-Term Debt	118	61			118	61
Water and Sewer			3,605	3,473	3,605	3,473
Automobile Parking System			131	143	131	143
Building Authority Operating			48	50	48	50
Total Expenses	\$ 8,210	\$ 7,967	\$ 3,784	\$ 3,666	\$ 11,994	\$ 11,633
Changes in Net Assets	\$ 287	\$ 78	\$ 323	\$ 75	\$ 610	\$ 153
Beginning Net Assets	18,974	18,896	15,121	15,046	34,095	33,942
Ending Net Assets	\$ 19,261	\$ 18,974	\$ 15,444	\$ 15,121	\$ 34,705	\$ 34,095

Governmental Activities

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended June 30, 2006:



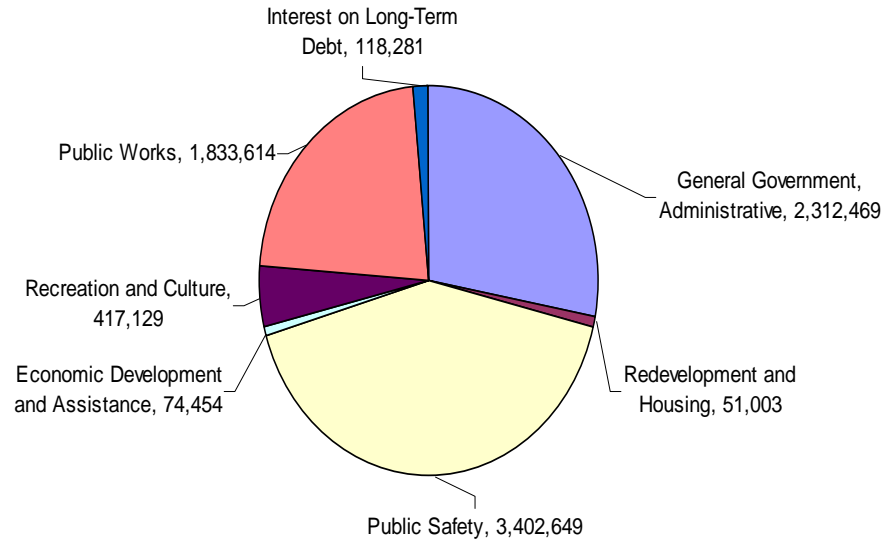
Governmental activities accounted for a total of \$8,496,935 in revenue for the fiscal year. The most significant portion of the revenue for all governmental activities of the City of Cadillac comes from Property Taxes (49.3%). This figure includes property tax levies as well as assessments on properties that are used for debt service on the City's special assessment debt. The City's operating millage remained the same in 2006 at 13.9473 mills. The City's charter allows the City to levy up to 15 mills for operations. Due to State statutes, the City is currently at its maximum tax levy, and can only raise the levy to the charter maximum with the approval of the voters.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2006, the amount of state shared revenue received by the City once again trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

Capital Grants represents grant dollars - whether federal, state, or local - that the City has secured in order to assist in capital asset construction and infrastructure improvement within the City. During this fiscal year, these grants helped the City with the completion of a number of street construction projects.

The following chart depicts expenses of the governmental activities of the City for the fiscal year ended June 30, 2006:

Expenses - Governmental Activities
Fiscal Year Ended June 30, 2006



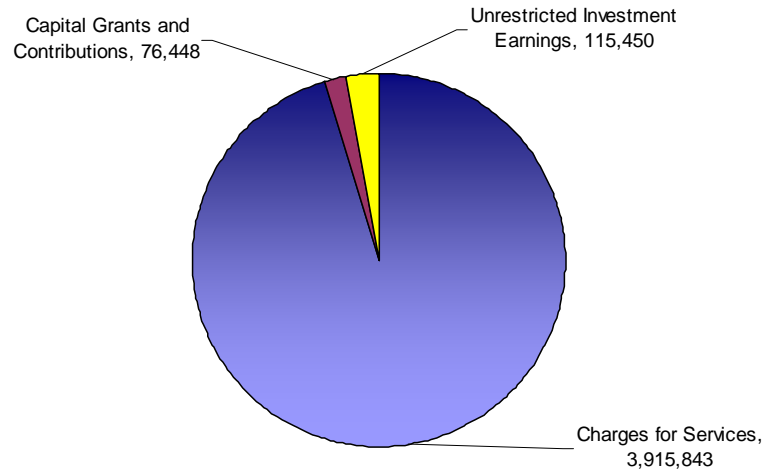
The City's governmental activities expenses are dominated by the Public Safety expenses that total 41.4% of total expenses of \$8.2 million. The City spent \$3.4 million in FY2006 on Public Safety. General Government expenditures represented the next largest portion of expenses, totaling \$2.3 million during the year. This represents 28.2% of the expenses within the governmental activities. Public Works represented the next largest expense at \$1.8 million, or 22.3% of total expenses within the governmental activities. Expenses in the Major Street Fund (\$949,838) and Local Street Fund (\$674,535) represent a majority of the Public Works expenditures.

Business-Type Activities

The following charts illustrate the revenue and expense activity within the City's business-type activities. These activities accounted for an increase of \$323,062 in the City's Net Assets, or about 53% of the total growth in the City's net assets for the fiscal year ended June 30, 2006.

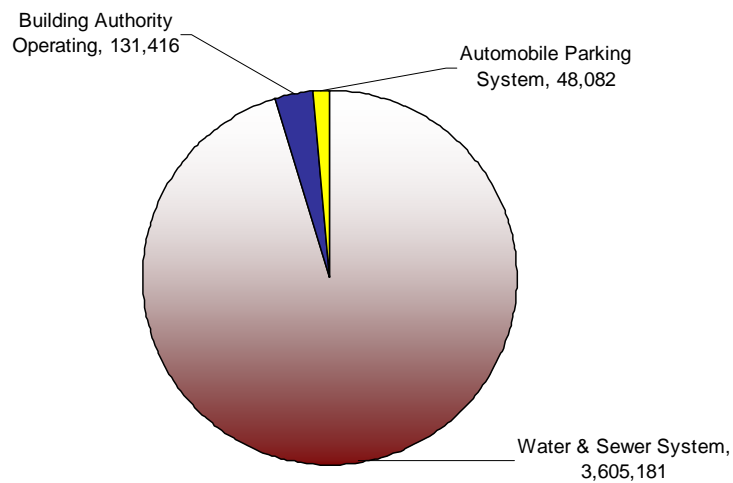
The Business-type activities of the City include the Water and Sewer Fund, which provides water and sewer utility services to City residents as well as commercial customers, the Auto Parking Fund, which maintains City-owned parking lots, and the Building Authority Operating Fund, which manages the operation of a commercial office facility, currently being rented by the Michigan Department of Environmental Quality.

Revenues by Source - Business Type Activities
Fiscal Year Ended June 30, 2006



The Water and Sewer activity represents a significant portion of the business-type activities of the City. This activity accounts for 95% of the total expenses and 94% of the total revenue of the business-type activities.

Expenses by Function - Business Type Activities
Fiscal Year Ended June 30, 2006



Financial Analysis of the Government's Funds

Governmental Activities At the completion of the City's fiscal year ended June 30, 2006, its governmental funds reported fund balances of \$5,841,713. This ending fund balance is \$107,294 less than the end of the previous fiscal year. Nearly all of this reduction is attributable to the use of bond proceeds for capital improvements that had been received in the previous fiscal year. Of the total ending fund balance, \$3,481,312, or 60%, is unreserved. This amount includes \$435,658 designated for street improvements, \$1,257,191 designated for working capital, and \$89,086 designated to cover sick and vacation time that has accrued on behalf of the City's employees but has not yet been taken. An additional \$1,679,871 of unreserved and undesignated fund balance exists in the City's Special Revenue funds. The remaining \$2,360,401 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the City. The fund balance of the General Fund increased \$234,059 in the current fiscal year. Much of this increase came from the refunding of previous year's property tax captures for the Local Development Finance Authority. The General Fund received a refund of \$166,128 from this Authority. The fund balance that is designated for working capital increased \$304,886 in 2006, from \$952,305 to \$1,257,191, or 19.9% of total General Fund expenditures. From a budgetary standpoint, all of the General Fund's major functions saw final expenditures fall below appropriations except for Public Safety, Public Works, Culture and Recreation, and Economic Development and Assistance. The only significant overage occurred in the Public Safety department. The main reason that this function saw expenditures significantly in excess of appropriations was that the City has implemented GASB Statement No. 45 and is now making contributions to fund the costs of post-employment benefits. The most significant contributions came from the Police and Fire Departments, amounting to \$130,499 in 2006. In addition, the City purchased a new fire truck in 2006. The entire amount was included in the 2006 expenditures, but a portion of the funds for the truck had been budgeted for and designated in the prior fiscal year.

Major Street Fund – The Major Street Fund completed \$433,754 in street improvements in this fiscal year. Major projects for the year included North Street and Sixth Avenue. Work was completed on River Street, and the repair and resurfacing of E. Pine Street was started in 2006. The fund balance of the Major Street Fund ended the year at \$326,279, \$104,251 lower than the end of the previous fiscal year. Proceeds from capital improvement bonds issued in the previous fiscal year were used to fund current year capital projects which accounts for the reduction in the fund balance.

Local Street Fund – The Local Street Fund completed \$190,197 in street construction and improvements in this fiscal year. Construction was completed on the Prospect/Stimson street project as well as the Hersey Street project. The fund balance of the fund ended \$283,804 lower than the previous year. Similar to the Major Street Fund, the usage of debt proceeds issued in previous fiscal year to fund current year capital projects was the principle source of this decrease.

Special Assessment Capital Projects Fund – This fund tracks street construction projects. Any specially assessed projects that are funded by Special Assessment debt are accounted for in this fund. This fund accounted for construction costs of \$94,523 to improve the sidewalk system in

various sections of the City. Debt service payments amounted to \$12,897, which paid down a loan previously secured to fund construction projects.

Proprietary Funds The City's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water and Sewer Fund – The Water and Sewer Fund ended this fiscal year with \$1,964,094 in unrestricted net assets. All Water and Sewer rates were increased by 3% for this fiscal year. This rate increase and other fluctuations in usage yielded an overall increase in operating revenues from \$3,395,081 in 2005 to 3,669,776 in 2006, an 8% increase. The fund saw an increase in interest income of \$21,671, or 25% from the previous fiscal year. The net assets of the fund increased \$213,989. This fund remains in sound fiscal condition moving forward.

Building Authority Operating Fund – The Building Authority Operating Fund saw its net assets increase in this fiscal year by \$69,336. Rental income from the Michigan Department of Environmental Quality totaled \$195,870, which holds steady from year to year in accordance with the City's lease with the State of Michigan.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for the governmental and business-type activities as of June 30, 2006 amounted to \$34,944,182 (net of accumulated depreciation). Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life greater than one year. The City has invested in a broad range of capital assets, as detailed below:

City of Cadillac
Capital Assets as of June 30, 2006
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Infrastructure	\$ 14,962	\$ 14,323			\$ 14,962	\$ 14,323
Land and Land Improvements	3,335	3,378	1,025	1,029	4,360	4,407
Buildings	4,294	4,322	2,629	2,641	6,923	6,963
Improvements Other than Buildings			27,830	27,376	27,830	27,376
Machinery and Equipment	4,293	3,786	1,121	1,247	5,414	5,033
Subtotal	\$ 26,884	\$ 25,809	\$ 32,605	\$ 32,293	\$ 59,489	\$ 58,102
Construction in Progress	0	0	138	115	138	115
Accumulated Depreciation	(11,715)	(10,828)	(12,968)	(12,293)	(24,683)	(23,121)
Net Capital Assets	\$ 15,169	\$ 14,981	\$ 19,775	\$ 20,115	\$ 34,944	\$ 35,096

Major capital asset events during FY2006 included the following:

- Three new voting machines were purchased with grant dollars at a total cost of \$20,376.
- New emergency extraction equipment was purchased in the Fire Department at a cost of \$11,556.
- A number of street improvement projects were completed, including North Street, Sixth Avenue, Prospect Street, Stimson Street, and Hersey Street. Over \$600,000 of street construction and improvement took place in this fiscal year.
- A police patrol SUV was purchased at a cost of \$26,056.
- A new fire truck was purchased for \$339,290.
- The Meter Replacement Program continued in the Utilities Department, with \$150,295 of meter replacement costs incurred. The system is now almost entirely on radio read meters, which has greatly enhanced the efficiency of the meter reading process.
- A new plow truck was purchased for the Street Department at a cost of \$93,925.
- Purchased three new trucks in the Utilities Department and two new trucks in the Street Department.
- The Computer Replacement Program was continued, with \$28,108 of new technology purchases made during the year.

Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on Page 32 and Pages 38-41.

Long-Term Debt. As of June 30, 2006, the City had total bonded debt outstanding of \$11,548,000. Of this amount, \$1,525,000 comprises debt backed by the full faith and credit of the City, while \$625,000 is special assessment debt for which the City is liable only in the event of default by the property owners subject to assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources. The majority of the revenue bonds are associated with the Water and Sewer Fund (\$7,290,000), are backed by revenues from the Water and Sewer system, and have been used to finance major capital projects within the Water and Sewer systems.

City of Cadillac
General Obligation and Revenue Bonds
as of June 30, 2006

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ 1,525	\$ 1,665			\$ 1,525	\$ 1,665
Special Assessment Debt with governmental commitment	625	775			625	775
Contracts and Notes	928	1,036			928	1,036
Revenue Bonds			8,470	8,915	8,470	8,915
Total	<u>\$ 3,078</u>	<u>\$ 3,476</u>	<u>\$ 8,470</u>	<u>\$ 8,915</u>	<u>\$ 11,548</u>	<u>\$ 12,391</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$236,517,710 is \$23,651,771, which is significantly in excess of the City's outstanding general obligation debt of \$1,525,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on Pages 43-48.

Economic Condition and Outlook

The City saw its unemployment rate increase this year from 7.3% a year ago to 7.9% as of August 31, 2006. This continues to be above the statewide unemployment rate of 7.1%, which is up from 6.7% last year. The State of Michigan continues to lag behind other states in terms of economic recovery, which is a significant concern for our local economy.

More information regarding the economic outlook of the City can be found in the Transmittal Letter on Pages I-VI of this document.

Contacting the City's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the City's finances and demonstrate the City's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Cadillac, Finance Director, 200 N. Lake Street, Cadillac, Michigan 49601, or call us at (231) 775-0181.

CITY OF CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
Cash	\$ 1,322,288	\$ 252,924	\$ 1,575,212	\$ 102,961
Investments	4,760,051	3,110,349	7,870,400	1,865,831
Receivables				
Taxes	7,206	0	7,206	108
Accounts	99,610	411,074	510,684	1,545
Unbilled Services	0	271,792	271,792	0
Cylinder Deposits	0	10,500	10,500	0
Mortgages and Notes	473,581	0	473,581	0
Accrued Interest	83,927	26,565	110,492	17,567
Special Assessments	696,614	0	696,614	0
External Parties (Fiduciary Funds)	15,360	6,396	21,756	0
Internal Balances	13,333	(13,333)	0	0
Due from Other Governments	346,603	0	346,603	65,838
Inventory	51,946	193,349	245,295	0
Prepaid Expenses	242,758	54,095	296,853	66
Total Current Assets	\$ 8,113,277	\$ 4,323,711	\$ 12,436,988	\$ 2,053,916
<u>NONCURRENT ASSETS</u>				
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	\$ 3,335,178	\$ 1,025,544	\$ 4,360,722	\$ 8,965
Buildings	4,293,679	2,629,758	6,923,437	0
Improvements Other than Buildings	0	27,829,925	27,829,925	226,767
Machinery and Equipment	4,293,034	1,120,641	5,413,675	0
Infrastructure	14,961,845	0	14,961,845	0
Construction Work in Progress	0	137,701	137,701	0
	\$ 26,883,736	\$ 32,743,569	\$ 59,627,305	\$ 235,732
Less Accumulated Depreciation	11,714,763	12,968,360	24,683,123	51,587
Net Capital Assets	\$ 15,168,973	\$ 19,775,209	\$ 34,944,182	\$ 184,145
<u>OTHER ASSETS</u>				
Deferred Charge - Bond Issuance Costs	\$ 17,464	\$ 105,422	\$ 122,886	\$ 0
Total Noncurrent Assets	\$ 15,186,437	\$ 19,880,631	\$ 35,067,068	\$ 184,145
TOTAL ASSETS	\$ 23,299,714	\$ 24,204,342	\$ 47,504,056	\$ 2,238,061

The accompanying notes are an integral part of the financial statements.

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS		COMPONENT
	ACTIVITIES	TYPE	TOTALS	UNITS
	ACTIVITIES	ACTIVITIES		
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Bank Overdraft	\$ 200,032	\$ 0	\$ 200,032	\$ 0
Accounts Payable	279,789	72,971	352,760	7,535
Security Deposit Payable	2,951	0	2,951	0
Accrued Expenses	133,938	180,250	314,188	1,780
Accrued Interest	27,400	131,989	159,389	0
Due to Other Governments	41,396	1,199	42,595	32,891
Utility Deposits	0	2,270	2,270	0
Current Portion of Long-Term Debt	420,701	465,000	885,701	4,864
Deferred Revenue - Unearned	38,807	0	38,807	0
Total Current Liabilities	\$ 1,145,014	\$ 853,679	\$ 1,998,693	\$ 47,070
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds				
(Net of Deferred Refunding Amount)	\$ 0	\$ 8,371,387	\$ 8,371,387	\$ 0
General Obligation Bonds	1,525,000	0	1,525,000	0
Special Assessment Bonds	625,000	0	625,000	0
Notes Payable	455,710	0	455,710	0
Other Post Employment Benefits Liability	235,302	0	235,302	0
Accrued Compensated Sick and Vacation	472,588	0	472,588	4,864
Less: Current Portion	(420,701)	(465,000)	(885,701)	(4,864)
Total Long-Term Liabilities	\$ 2,892,899	\$ 7,906,387	\$ 10,799,286	\$ 0
TOTAL LIABILITIES	\$ 4,037,913	\$ 8,760,066	\$ 12,797,979	\$ 47,070
<u>EQUITY</u>				
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 12,563,263	\$ 11,403,822	\$ 23,967,085	\$ 184,145
Restricted for Debt Service	0	1,656,644	1,656,644	0
Restricted for Ground Water Cleanup	0	0	0	1,690,516
Restricted for Life Insurance	191,356	0	191,356	0
Restricted for Employees' Life and Health Insurance	583,890	0	583,890	0
Restricted for Special Purposes	16,421	0	16,421	0
Unrestricted	5,906,871	2,383,810	8,290,681	316,330
TOTAL NET ASSETS	\$ 19,261,801	\$ 15,444,276	\$ 34,706,077	\$ 2,190,991

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS		
PRIMARY GOVERNMENT									
GOVERNMENTAL ACTIVITIES									
General Government, Administrative	\$ 2,312,469	\$ 463,929	\$ 33,099	\$ 38,853	\$ (1,776,588)	\$ 0	\$ (1,776,588)	\$ 0	
Public Safety	3,402,649	400,445	11,692	10,800	(2,979,712)	0	(2,979,712)	0	
Public Works	1,833,614	490,392	954,562	381,339	(7,321)	0	(7,321)	0	
Recreation and Culture	417,129	0	1,100	21,196	(394,833)	0	(394,833)	0	
Redevelopment and Housing	51,003	0	0	0	(51,003)	0	(51,003)	0	
Economic Development and Assistance	74,454	0	30,647	53,022	9,215	0	9,215	0	
Interest on Long-Term Debt	118,281	0	0	0	(118,281)	0	(118,281)	0	
Total Governmental Activities	\$ 8,209,599	\$ 1,354,766	\$ 1,031,100	\$ 505,210	\$ (5,318,523)	\$ 0	\$ (5,318,523)	\$ 0	
BUSINESS-TYPE ACTIVITIES									
Water and Sewer System	\$ 3,605,181	\$ 3,669,776	\$ 0	\$ 76,448	\$ 0	\$ 141,043	\$ 141,043	\$ 0	
Building Authority Operating	131,416	195,870	0	0	0	64,454	64,454	0	
Automobile Parking System	48,082	50,197	0	0	0	2,115	2,115	0	
Total Business-Type Activities	\$ 3,784,679	\$ 3,915,843	\$ 0	\$ 76,448	\$ 0	\$ 207,612	\$ 207,612	\$ 0	
TOTAL PRIMARY GOVERNMENT	\$ 11,994,278	\$ 5,270,609	\$ 1,031,100	\$ 581,658	\$ (5,318,523)	\$ 207,612	\$ (5,110,911)	\$ 0	
COMPONENT UNITS									
Local Development Finance Authority	\$ 820,791	\$ 238,356	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (582,435)	
Non-Major Component Units	95,134	0	3,245	0	0	0	0	(91,889)	
TOTAL COMPONENT UNITS	\$ 915,925	\$ 238,356	\$ 3,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ (674,324)	
GENERAL REVENUES									
Property Taxes and Assessments					\$ 4,188,219	\$ 0	\$ 4,188,219	\$ 197,019	
State Shared Revenue - Unrestricted					1,054,354	0	1,054,354	0	
Investment Earnings - Unrestricted					215,285	115,450	330,735	81,381	
Gain on Sale of Capital Assets					134,252	0	134,252	0	
Other					13,749	0	13,749	5,054	
Total General Revenues					\$ 5,605,859	\$ 115,450	\$ 5,721,309	\$ 283,454	
Change in Net Assets					\$ 287,336	\$ 323,062	\$ 610,398	\$ (390,870)	
NET ASSETS - Beginning of Year					18,974,465	15,121,214	34,095,679	2,581,861	
NET ASSETS - End of Year					\$ 19,261,801	\$ 15,444,276	\$ 34,706,077	\$ 2,190,991	

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGANGOVERNMENTAL FUNDSBALANCE SHEETJUNE 30, 2006

	SPECIAL ASSESSMENT					
	GENERAL FUND	MAJOR STREET	LOCAL STREET	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTALS
<u>ASSETS</u>						
Cash	\$ 398,875	\$ 54,896	\$ 59,110	\$ 183,964	\$ 573,986	\$ 1,270,831
Investments	614,680	0	5,070	0	3,359,139	3,978,889
Receivables						
Taxes	7,206	0	0	0	0	7,206
Accounts	90,712	0	0	0	1,000	91,712
Mortgages and Notes	181,286	0	0	0	292,295	473,581
Accrued Interest	6,377	0	0	20,653	46,578	73,608
Special Assessments						
Current	0	0	0	48,177	69,927	118,104
Deferred	0	0	0	317,309	261,201	578,510
Due from Other Funds	425,793	189,367	17,212	11,855	33,363	677,590
Due from Other Governments	147,937	103,331	32,931	31,757	30,647	346,603
Inventory, At Cost	3,423	0	0	0	0	3,423
Prepaid Expenditures	150,105	1,102	1,018	0	1,905	154,130
TOTAL ASSETS	<u>\$ 2,026,394</u>	<u>\$ 348,696</u>	<u>\$ 115,341</u>	<u>\$ 613,715</u>	<u>\$ 4,670,041</u>	<u>\$ 7,774,187</u>

LIABILITIES AND FUND BALANCELIABILITIES

Accounts Payable	\$ 99,203	\$ 756	\$ 62	\$ 69,212	\$ 43,281	\$ 212,514
Bank Overdraft	0	0	0	0	545	545
Security Deposit Payable	0	0	0	0	2,951	2,951
Accrued Expenditures	77,856	3,316	4,781	0	1,086	87,039
Due to Other Funds	46,303	17,244	100	189,367	275,346	528,360
Due to Other Governments	41,396	0	0	0	0	41,396
Deferred Revenue	225,088	0	0	317,309	517,272	1,059,669
Total Liabilities	<u>\$ 489,846</u>	<u>\$ 21,316</u>	<u>\$ 4,943</u>	<u>\$ 575,888</u>	<u>\$ 840,481</u>	<u>\$ 1,932,474</u>

The accompanying notes are an integral part of the financial statements.

	SPECIAL ASSESSMENT					
	GENERAL FUND	MAJOR STREET	LOCAL STREET	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTALS
<u>FUND BALANCE</u>						
Reserved for:						
Inventory	\$ 3,423	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,423
Prepaid Expenditures	150,105	1,102	1,018	0	0	152,225
Pistol Range	816	0	0	0	0	816
Antique Fire Truck	2,059	0	0	0	0	2,059
Veterans Memorial	1,855	0	0	0	0	1,855
Youth Services	844	0	0	0	0	844
Drug Forfeiture	2,676	0	0	0	0	2,676
Fire Safety House	2,250	0	0	0	0	2,250
Blackburn Skate Park	3,991	0	0	0	0	3,991
Say Nay to Drugs	15	0	0	0	0	15
White Pine Trail	2,731	0	0	0	0	2,731
Capital Improvements	0	0	0	37,827	1,034,192	1,072,019
Cemetery Perpetual Care	0	0	0	0	473,740	473,740
Debt Service	0	0	0	0	587,512	587,512
Other Purposes	0	0	0	0	54,245	54,245
Unreserved:						
Designated for:						
Street Improvements	0	326,278	109,380	0	0	435,658
Sick and Vacation	89,086	0	0	0	0	89,086
Working Capital	1,257,191	0	0	0	0	1,257,191
Tax Tribunal	19,506	0	0	0	0	19,506
Undesignated, Reported in Nonmajor:						
Special Revenue Funds	0	0	0	0	1,679,871	1,679,871
Total Fund Balance	<u>\$ 1,536,548</u>	<u>\$ 327,380</u>	<u>\$ 110,398</u>	<u>\$ 37,827</u>	<u>\$ 3,829,560</u>	<u>\$ 5,841,713</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,026,394</u>	<u>\$ 348,696</u>	<u>\$ 115,341</u>	<u>\$ 613,715</u>	<u>\$ 4,670,041</u>	<u>\$ 7,774,187</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balances for Governmental Funds \$ 5,841,713

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land and Land Improvements	\$ 3,241,207	
Buildings	3,881,734	
Equipment	1,970,005	
Infrastructure	14,961,845	
Accumulated Depreciation	<u>(10,092,896)</u>	13,961,895

Bond issuance costs are reported as expenditures in the governmental fund. 17,464

Other long-term assets are not available to pay for current period
expenditures and therefore are not reported in the funds.

Special Assessment Receivables	\$ 578,510	
Personal Property Taxes Receivable	4,995	
Deferred Revenue - Loans Receivable	<u>437,357</u>	1,020,862

Internal service funds are used by management to charge costs of
certain activities, such as insurance and data processing, to individual
funds. The assets and liabilities of the internal service funds are
included in governmental activities in the Statement of Net Assets 1,794,400

Internal service funds are used by management to charge costs of
certain activities, such as insurance and data processing, to
individual funds. The net result of the look-back adjustment as it relates
to enterprise fund customers are treated as interfund payables and
receivables between governmental activities and business-type activities. (33,533)

Governmental liabilities for other post employment benefits are not due and
payable in the current period and therefore are not reported in the funds. (235,302)

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds.

General Obligation Bonds Payable	\$ (1,525,000)	
Special Assessment Bonds Payable	(625,000)	
Notes Payable	(455,710)	
Accrued Interest Payable	(27,400)	
Compensated Absences	<u>(472,588)</u>	(3,105,698)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 19,261,801

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	GENERAL FUND	MAJOR STREET	LOCAL STREET	SPECIAL ASSESSMENT CAPITAL PROJECTS	NON- MAJOR FUNDS	TOTALS
<u>REVENUES</u>						
Taxes	\$ 4,188,262	\$ 0	\$ 0	\$ 88,132	\$ 76,900	\$ 4,353,294
Licenses and Permits	1,345	0	0	0	0	1,345
Federal Grants	45,600	222,746	0	0	18,222	286,568
State Grants	1,137,330	724,518	200,550	0	0	2,062,398
Contributions from Local Units	190,877	1,797	0	0	30,647	223,321
Charges for Services	954,202	0	0	0	132,444	1,086,646
Fines and Forfeits	28,110	0	0	0	0	28,110
Interest and Rents	58,801	12,626	8,706	22,916	179,317	282,366
Gain (Loss) on Investments	0	0	0	0	56,275	56,275
Other Revenue	271,796	0	0	0	220,456	492,252
Total Revenues	\$ 6,876,323	\$ 961,687	\$ 209,256	\$ 111,048	\$ 714,261	\$ 8,872,575
<u>EXPENDITURES</u>						
General Government	\$ 1,557,282	\$ 0	\$ 0	\$ 0	\$ 133,972	\$ 1,691,254
Public Safety	3,478,001	0	0	0	134,326	3,612,327
Public Works	712,912	949,838	674,535	0	0	2,337,285
Culture and Recreation	217,526	0	0	0	50,974	268,500
Redevelopment and Housing	0	0	0	0	51,964	51,964
Economic Development and Assistance	39,143	0	0	0	18,450	57,593
Capital Outlay	0	0	0	96,523	30,597	127,120
Debt Service	0	0	34,025	12,897	470,156	517,078
Intergovernmental	316,748	0	0	0	0	316,748
Total Expenditures	\$ 6,321,612	\$ 949,838	\$ 708,560	\$ 109,420	\$ 890,439	\$ 8,979,869
Excess (Deficiency) of Revenues Over Expenditures	\$ 554,711	\$ 11,849	\$ (499,304)	\$ 1,628	\$ (176,178)	\$ (107,294)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ 0	\$ 0	\$ 373,500	\$ 0	\$ 444,132	\$ 817,632
Transfers Out	(320,652)	(116,100)	(158,000)	0	(222,880)	(817,632)
Total Other Financing Sources (Uses)	\$ (320,652)	\$ (116,100)	\$ 215,500	\$ 0	\$ 221,252	\$ 0
Net Change in Fund Balance	\$ 234,059	\$ (104,251)	\$ (283,804)	\$ 1,628	\$ 45,074	\$ (107,294)
<u>FUND BALANCE</u> - Beginning of Year	1,302,489	431,631	394,202	36,199	3,784,486	5,949,007
<u>FUND BALANCE</u> - End of Year	\$ 1,536,548	\$ 327,380	\$ 110,398	\$ 37,827	\$ 3,829,560	\$ 5,841,713

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net change in Fund Balance - Total Governmental Funds	\$ (107,294)
---	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, the costs of those assets are allocated over their estimated useful lives and reported as depreciation in the statement of activities.

Depreciation Expense	(914,035)
Capital Outlay	1,050,092

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the cost of the capital assets sold net of accumulated depreciation.

Governmental Funds - Gain on sale of capital assets	(45,797)
---	----------

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued Interest Payable - Beginning of Year	32,900
Accrued Interest Payable - End of Year	(27,400)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	395,443
--	---------

Repayments of loan receivables are revenues in the governmental funds, but not in the statement of activities (where they are a reduction of assets).	(52,072)
---	----------

The effects of bond issuance costs, premiums, discounts, and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(2,146)
---	---------

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Under the modified accrual basis of accounting, revenue is recognized when measurable and certain. The entity wide statements recognize revenue when earned.

Special assessment revenue previously recognized when earned for the entity wide statements.	(69,949)
--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in personal property tax revenue deferred using the modified accrual method	(43)
--	------

Employees compensated absences are reported on the accrual method in the statement of activities, and recorded as expenditures when financial resources are used in the governmental funds.

Compensated Absences - Beginning of Year	474,634
Compensated Absences - End of Year	(472,588)

Expense for the unfunded portion of the other post employment benefit obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

Other Post Employment Benefit Obligation - Beginning of Year	176,759
Other Post Employment Benefit Obligation - End of Year	(235,302)

Internal service funds are used by management to charge costs of certain activities, such as motor pool, insurance and data processing, to individual funds. The net revenue (expense) of the internal service funds is reported within the governmental activities.

	<u>84,134</u>
--	---------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	<u><u>\$ 287,336</u></u>
--	--------------------------

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		<u>NONMAJOR ENTERPRISE FUND</u>
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 125,457	\$ 45,047	\$ 82,420
Investments	1,204,024	86,527	31,165
Receivables			
Accounts	411,074	0	0
Unbilled Services	271,792	0	0
Accrued Interest	24,725	1,837	3
Cylinder Deposits	10,500	0	0
Due from Other Funds	7,832	0	0
Inventory, At Cost	193,349	0	0
Prepaid Expense	52,734	1,331	30
Total Current Assets	\$ 2,301,487	\$ 134,742	\$ 113,618
<u>NONCURRENT ASSETS</u>			
<u>RESTRICTED ASSETS</u>			
Investments			
Bond Reserve Account	\$ 1,365,571	\$ 0	\$ 0
Bond Replacement Account	423,062	0	0
Total Restricted Assets	\$ 1,788,633	\$ 0	\$ 0
<u>CAPITAL ASSETS</u>			
Land and Land Improvements	\$ 124,058	\$ 90,445	\$ 811,041
Buildings	930,747	1,699,011	0
Improvements Other Than Buildings	27,829,925	0	0
Machinery and Equipment	1,120,641	0	0
Construction Work In Progress	137,701	0	0
	\$ 30,143,072	\$ 1,789,456	\$ 811,041
Less Accumulated Depreciation	12,461,063	356,792	150,505
Net Capital Assets	\$ 17,682,009	\$ 1,432,664	\$ 660,536
<u>OTHER ASSETS</u>			
Deferred Charge - Bond Issuance Costs	\$ 83,940	\$ 21,482	\$ 0
Total Noncurrent Assets	\$ 19,554,582	\$ 1,454,146	\$ 660,536
TOTAL ASSETS	\$ 21,856,069	\$ 1,588,888	\$ 774,154

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
\$ 252,924	\$ 51,457
1,321,716	781,162
411,074	7,898
271,792	0
26,565	10,319
10,500	0
7,832	92,148
193,349	48,523
54,095	88,628
<u>\$ 2,549,847</u>	<u>\$ 1,080,135</u>
\$ 1,365,571	\$ 0
423,062	0
<u>\$ 1,788,633</u>	<u>\$ 0</u>
\$ 1,025,544	\$ 93,971
2,629,758	411,945
27,829,925	0
1,120,641	2,323,029
137,701	0
<u>\$ 32,743,569</u>	<u>\$ 2,828,945</u>
12,968,360	1,621,867
<u>\$ 19,775,209</u>	<u>\$ 1,207,078</u>
\$ 105,422	\$ 0
<u>\$ 21,669,264</u>	<u>\$ 1,207,078</u>
<u>\$ 24,219,111</u>	<u>\$ 2,287,213</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Bank Overdraft	\$ 0	\$ 0	\$ 0
Accounts Payable	72,419	552	0
Accrued Interest	118,895	13,094	0
Other Accrued Expenses	180,250	0	0
Due to Other Funds	46,300	0	2,002
Due to Other Governments	1,199	0	0
Utility Deposits	2,270	0	0
Current Portion of Revenue Bonds	365,000	100,000	0
Total Current Liabilities	\$ 786,333	\$ 113,646	\$ 2,002
<u>LONG-TERM LIABILITIES</u>			
1993 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	\$ 214,294	\$ 0	\$ 0
1995 Revenue Bonds	95,000	0	0
1999 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	1,420,361	1,080,000	0
2001 Revenue Bonds (Net of Deferred Refunding Amount)	5,096,732	0	0
Total Long-Term Liabilities	\$ 6,826,387	\$ 1,080,000	\$ 0
TOTAL LIABILITIES	\$ 7,612,720	\$ 1,193,646	\$ 2,002
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	\$ 10,490,622	\$ 252,664	\$ 660,536
Restricted for Programs	1,656,644	0	0
Unrestricted (Deficit)	0	0	0
TOTAL NET ASSETS	2,096,083	142,578	111,616
	\$ 14,243,349	\$ 395,242	\$ 772,152

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
\$ 0	\$ 199,487
72,971	67,275
131,989	0
180,250	46,899
48,302	179,152
1,199	0
2,270	0
465,000	0
<u>\$ 901,981</u>	<u>\$ 492,813</u>
\$ 214,294	\$ 0
95,000	0
2,500,361	0
5,096,732	0
<u>\$ 7,906,387</u>	<u>\$ 0</u>
\$ 8,808,368	\$ 492,813
\$ 11,403,822	\$ 1,207,078
1,656,644	0
0	865,392
2,350,277	(278,070)
<u>\$ 15,410,743</u>	<u>\$ 1,794,400</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Net Assets - Total Proprietary Funds	\$ 15,410,743
--	---------------

Amounts reported for proprietary activities in the statement of
net assets are different because:

Internal service funds are used by management to charge costs of
certain activities, such as motor pool, insurance and data processing, to
individual funds. The net result of the look-back adjustment as it relates
to enterprise fund customers are treated as interfund payables and
receivables between governmental activities and business-type activities.

	<u>33,533</u>
--	---------------

NET ASSETS OF PROPRIETARY FUNDS

	<u><u>\$ 15,444,276</u></u>
--	-----------------------------

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2006

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		<u>NONMAJOR ENTERPRISE FUND</u>
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	
<u>OPERATING REVENUES</u>			
Operating Revenues	\$ 3,669,776	\$ 195,870	\$ 50,197
<u>OPERATING EXPENSES</u>			
Personal Services	\$ 783,118	\$ 0	\$ 8,386
Contractual Services	554,500	31,651	17,163
Supplies	336,687	0	1,314
Heat, Light and Power	280,570	2,286	0
Depreciation and Amortization	802,444	37,962	16,754
Employee Benefits	306,820	0	4,117
Administrative	198,100	5,000	0
Total Operating Expenses	\$ 3,262,239	\$ 76,899	\$ 47,734
Operating Income (Loss)	\$ 407,537	\$ 118,971	\$ 2,463
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Revenue	\$ 106,827	\$ 4,882	\$ 3,741
Interest and Fiscal Charges	(376,823)	(54,517)	0
Community Development Block Grant	76,448	0	0
Gain (Loss) on Sale of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	\$ (193,548)	\$ (49,635)	\$ 3,741
Income (Loss)	\$ 213,989	\$ 69,336	\$ 6,204
<u>TOTAL NET ASSETS</u> - Beginning of Year	14,029,360	325,906	765,948
<u>TOTAL NET ASSETS</u> - End of Year	\$ 14,243,349	\$ 395,242	\$ 772,152

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
<u>\$ 3,915,843</u>	<u>\$ 1,760,771</u>
\$ 791,504	\$ 214,077
603,314	166,155
338,001	137,584
282,856	24,023
857,160	181,777
310,937	885,660
203,100	65,200
<u> </u>	<u> </u>
<u>\$ 3,386,872</u>	<u>\$ 1,674,476</u>
<u>\$ 528,971</u>	<u>\$ 86,295</u>
\$ 115,450	\$ 22,912
(431,340)	0
76,448	0
0	8,460
<u> </u>	<u> </u>
<u>\$ (239,442)</u>	<u>\$ 31,372</u>
\$ 289,529	\$ 117,667
<u>15,121,214</u>	<u>1,676,733</u>
<u><u>\$ 15,410,743</u></u>	<u><u>\$ 1,794,400</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net Change in Fund Net Assets - Total Proprietary Funds	\$ 289,529
---	------------

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge costs of certain activities, such as motor pool, insurance and data processing, to individual funds. The net result of the look-back adjustment as it relates to enterprise fund customers are treated as interfund payables and receivables between governmental activities and business-type activities.

	<u>33,533</u>
--	---------------

CHANGE IN NET ASSETS OF PROPRIETARY FUNDS

	<u><u>\$ 323,062</u></u>
--	--------------------------

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 3,777,737	\$ 195,870	\$ 52,310
Cash Received from Interfund Services			
Provided and Used	0	0	0
Cash Payments to Suppliers for Goods and Services	(1,524,496)	(47,353)	(23,160)
Cash Payments to Employees for Services	(1,104,016)	0	(8,386)
Other Operating Revenues	0	0	0
Net Cash Provided by Operating Activities	\$ 1,149,225	\$ 148,517	\$ 20,764
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	\$ (536,328)	\$ 0	\$ 0
Grant Proceeds	76,448	0	0
Principal Paid	(350,000)	(95,000)	0
Interest Paid	(382,739)	(55,908)	0
Proceeds from Sale of Fixed Assets	0	0	0
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (1,192,619)	\$ (150,908)	\$ 0
Cash Flows from Investing Activities:			
Interest Received	\$ 106,827	\$ 4,075	\$ 3,738
Purchase of Investment Securities	(844,812)	(44,863)	(31,166)
Proceeds from Sale and Maturities of Investment Securities	182,443	41,705	1
Net Cash Provided (Used) by Investing Activities	\$ (555,542)	\$ 917	\$ (27,427)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (598,936)	\$ (1,474)	\$ (6,663)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	724,393	46,521	89,083
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 125,457	\$ 45,047	\$ 82,420

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
\$ 4,025,917	\$ 0
0	1,824,448
(1,595,009)	(1,494,318)
(1,112,402)	(209,032)
0	958
\$ 1,318,506	\$ 122,056
\$ (536,328)	\$ (196,988)
76,448	0
(445,000)	0
(438,647)	0
0	8,460
\$ (1,343,527)	\$ (188,528)
\$ 114,640	\$ 24,504
(920,841)	(590,734)
224,149	328,670
\$ (582,052)	\$ (237,560)
\$ (607,073)	\$ (304,032)
859,997	156,002
\$ 252,924	\$ (148,030)

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

MAJOR FUNDS

WATER AND SEWER	BUILDING AUTHORITY OPERATING	NONMAJOR ENTERPRISE FUND
--------------------	------------------------------------	--------------------------------

RECONCILIATION OF OPERATING INCOME

TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 407,537	\$ 118,971	\$ 2,463
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 802,444	\$ 37,962	\$ 16,754
(Increase) Decrease in Current Assets			
Accounts Receivable	(129,980)	0	2,113
Due from Other Funds	230,893	0	0
Due from Other Governments - Operating	7,048	0	0
Inventory	(2,082)	0	0
Prepaid Expense	(52,734)	(1,331)	(30)
Increase (Decrease) in Current Liabilities			
Accounts Payable	(12,294)	(3,989)	(2,469)
Other Accrued Expenses	(14,078)	0	0
Due to Other Funds	(86,674)	(3,096)	1,933
Due to Other Governments	(836)	0	0
Utility Deposits	(19)	0	0
Total Adjustments	\$ 741,688	\$ 29,546	\$ 18,301
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,149,225	\$ 148,517	\$ 20,764

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
<u>\$ 528,971</u>	<u>\$ 86,295</u>
\$ 857,160	\$ 181,777
(127,867)	580
230,893	64,055
7,048	0
(2,082)	(847)
(54,095)	(88,628)
(18,752)	4,832
(14,078)	30
(87,837)	(126,038)
(836)	0
(19)	0
<u>\$ 789,535</u>	<u>\$ 35,761</u>
<u>\$ 1,318,506</u>	<u>\$ 122,056</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

	PENSION TRUST FUND	AGENCY
<u>ASSETS</u>		
Cash	\$ 0	\$ 68,506
Investments		
Mutual Funds	2,035	0
Municipal Employees' Retirement System	5,786,409	0
Due from Other Funds	25,947	2,361
Due from Other Governments	0	2,474
Prepaid Items	5,007	18
TOTAL ASSETS	\$ 5,819,398	\$ 73,359
<u>LIABILITIES</u>		
Bank Overdraft	\$ 5,641	\$ 0
Payroll Withholdings	0	52
Due to Other Funds	0	50,064
Due to Other Governments	0	23,243
TOTAL LIABILITIES	\$ 5,641	\$ 73,359
<u>NET ASSETS</u>		
Held in Trust for Employees' Pension Benefits	\$ 5,813,757	\$ 0

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2006

	<u>PENSION TRUST FUND</u>
<u>ADDITIONS</u>	
Contributions	
Employer	\$ 469,725
Employee	42,125
Total Contributions	<u>\$ 511,850</u>
Investment Income	
Interest and Dividend Income	\$ 130,581
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	295,734
Investment Expenses	(58,521)
Net Investment Income (Loss)	<u>\$ 367,794</u>
Total Additions (Deletions)	<u>\$ 879,644</u>
<u>DEDUCTIONS</u>	
Benefit Payments	
Retirement	\$ 434,449
Administrative Expenses	
Contracted Services	10,175
Total Deductions	<u>\$ 444,624</u>
Net Increase (Decrease) in Plan Assets	\$ 435,020
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>	
Beginning of Year	<u>5,378,737</u>
End of Year	<u><u>\$ 5,813,757</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF NET ASSETS
JUNE 30, 2006

	LOCAL DEVELOPMENT FINANCE AUTHORITY	NONMAJOR COMPONENT UNITS	TOTALS
<u>ASSETS</u>			
Cash	\$ 43,846	\$ 59,115	\$ 102,961
Investments	1,730,426	135,405	1,865,831
Receivables			
Taxes	0	108	108
Accounts	1,420	125	1,545
Accrued Interest	14,952	2,615	17,567
Due from Other Governments	65,838	0	65,838
Prepaid Expenditures	0	66	66
Total Current Assets	<u>\$ 1,856,482</u>	<u>\$ 197,434</u>	<u>\$ 2,053,916</u>
<u>CAPITAL ASSETS</u>			
Land Improvements	\$ 0	\$ 8,965	\$ 8,965
Improvements Other Than Buildings	226,767	0	226,767
	<u>\$ 226,767</u>	<u>\$ 8,965</u>	<u>\$ 235,732</u>
Less Accumulated Depreciation	50,242	1,345	51,587
Net Capital Assets	<u>\$ 176,525</u>	<u>\$ 7,620</u>	<u>\$ 184,145</u>
 TOTAL ASSETS	 <u>\$ 2,033,007</u>	 <u>\$ 205,054</u>	 <u>\$ 2,238,061</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 6,644	\$ 891	\$ 7,535
Accrued Expenses	1,021	759	1,780
Due to Other Governments	0	32,891	32,891
Current Portion of Long-Term Debt	0	4,864	4,864
Total Current Liabilities	<u>\$ 7,665</u>	<u>\$ 39,405</u>	<u>\$ 47,070</u>
<u>LONG-TERM LIABILITIES</u>			
Accrued Compensated Sick and Vacation	\$ 0	\$ 4,864	\$ 4,864
Less: Current Portion	0	(4,864)	(4,864)
Total Long-Term Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL LIABILITIES	 <u>\$ 7,665</u>	 <u>\$ 39,405</u>	 <u>\$ 47,070</u>
<u>EQUITY</u>			
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 176,525	\$ 7,620	\$ 184,145
Restricted for Groundwater Clean-Up	1,690,516	0	1,690,516
Unrestricted	158,301	158,029	316,330
 TOTAL NET ASSETS	 <u>\$ 2,025,342</u>	 <u>\$ 165,649</u>	 <u>\$ 2,190,991</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS</u>		
		CHARGES FOR	OPERATING	LOCAL	NONMAJOR	TOTALS
		SERVICES	GRANTS AND	DEVELOPMENT	COMPONENT UNITS	
			CONTRIBUTIONS	FINANCE		
				AUTHORITY		
Local Development Finance Authority	\$ 820,791	\$ 238,356	\$ 0	\$ (582,435)	\$ 0	\$ (582,435)
Downtown Development Authority	93,584	0	3,245	0	(90,339)	(90,339)
Brownfield Redevelopment Authority	1,550	0	0	0	(1,550)	(1,550)
TOTAL COMPONENT UNITS	\$ 915,925	\$ 238,356	\$ 3,245	\$ (582,435)	\$ (91,889)	\$ (674,324)
<u>GENERAL REVENUES</u>						
Property Taxes				\$ 59,363	\$ 137,656	\$ 197,019
Unrestricted Investment Earnings				77,621	3,760	81,381
Other				0	5,054	5,054
Total General Revenues				<u>\$ 136,984</u>	<u>\$ 146,470</u>	<u>\$ 283,454</u>
Change in Net Assets				\$ (445,451)	\$ 54,581	\$ (390,870)
<u>NET ASSETS</u> - Beginning of Year				2,470,793	111,068	2,581,861
<u>NET ASSETS</u> - End of Year				<u>\$ 2,025,342</u>	<u>\$ 165,649</u>	<u>\$ 2,190,991</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cadillac, Michigan, was incorporated March 9, 1877, and adopted its current charter on November 2, 1976. The City has a population of about 10,000 residents, and operates under a Council-Manager form of government. The Council is composed of five elected members, one of whom is the Mayor. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government. Each blended and discretely presented component unit has a June 30 year end.

BLENDED COMPONENT UNITS

City of Cadillac Policemen and Firemen Retirement System - The City's police and fire employees participate in the Policemen and Firemen Retirement System (PFRS). PFRS functions for the benefit of the employees and is governed by a five-member pension board. The City's treasurer, one fireman, one police officer, and two members appointed by the mayor constitute the pension board. The City is responsible for funding all PFRS costs based on actuarial valuations. These costs are paid for out of an unlimited tax levy approved by the voters of the City. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Cadillac Building Authority - The Cadillac Building Authority is a municipal, nonprofit, nonstock corporation organized under the laws of the State of Michigan solely for the purpose of acquiring and owning buildings for lease to the City. Due to this special financing relationship, the Authority is considered a component of the City's reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act No. 197 of the Public Acts of Michigan 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA District. The DDA is a volunteer organization.

Economic Development Corporation of the City of Cadillac (EDC) - The EDC is a nonstock, nonprofit corporation. Its purpose is to act as an economic development corporation for the City of Cadillac in accordance with state law. Directors of the corporation are appointed by the mayor with the advice and consent of the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Local Development Finance Authority (LDFA) - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located; piping sufficient to carry the contaminated groundwater to a cleaning facility; and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increase within the industrial park.

Brownfield Redevelopment Authority (BRA) - The BRA was established through City Ordinance under Michigan Public Act 381 of 1996. Its purpose is to identify contaminated sites and remediate them, as well as, to provide the financing to do so. The members of the board of the BRA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

Financial statements of the individual component units are included as supplemental information in the comprehensive annual financial report of the City of Cadillac, Michigan located at 200 N. Lake Street, Cadillac, Michigan 49601. The component units do not issue separate financial reports.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City of Cadillac reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The *Special Assessment Capital Projects Fund* accounts for preliminary and construction work in projects that are subsequently paid from special assessments.

The City of Cadillac reports the following major proprietary funds:

The *Water and Sewer Fund* records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant.

The *Building Authority Operating Fund* accounts for the rental of the DEQ office building.

Additionally the City of Cadillac reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *permanent funds* are accounted for using the modified accrual basis of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Fiduciary funds are accounted for using the accrual method of accounting. Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *pension trust fund* is accounted for using the accrual method of accounting. The pension trust fund accounts for the assets of the government's public safety employee's pension plan which is required to be held in trust for the members and beneficiaries.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, the Automobile Parking System, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. The Policemen and Firemen Retirement System Trust Fund and Cemetery Perpetual Care Fund are also authorized to invest in corporate common and preferred stocks and bonds.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. City, two-thirds of county taxes, 50% of Cadillac Area Public School and 100% state education taxes are levied and due July 1, and become delinquent after August 14. The balance of county and school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. City property tax revenues are recognized when they become both measurable and available for use to finance City operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2005 taxable valuation of the City of Cadillac totaled \$229,388,117, on which ad valorem taxes levied consisted of 13.9473 mills for the City of Cadillac operating purposes and 1.8000 mills for the City of Cadillac Policemen and Firemen Retirement System. These levies raised approximately \$3,199,145 for operating purposes and \$412,857 for the Policemen and Firemen Retirement System. These amounts are recognized in the respective General Fund or Component Unit Fund financial statements as taxes receivable or as tax revenue. Portions of these taxes levied were captured by the Downtown Development Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

4. *Restricted Assets*

Certain resources of the Water and Sewer Fund which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond reserve" account is used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The "bond replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items acquired subsequent to July 1, 1979. The government was able to estimate the historical cost for the initial reporting of these assets by reviewing prior financial records. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on any invested debt proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Equipment	5-10

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

6. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Two budget amendments were made during the year in a legally permissible manner.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

B. Major funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Public Safety	\$ 3,371,900	\$ 3,478,001
Public Works	712,500	712,912
Culture and Recreation	216,700	217,526
Economic Development and Assistance	37,400	39,143

These overages were funded by available fund balance and greater-than-anticipated revenues.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's deposits and investments are on deposit with various institutions.

Investment rate risk. The City will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the City's cash requirements.

Foreign currency risk. The City does not have a policy on this type of risk.

Credit risk. The City will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the City's investment policy; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business in accordance with the City's investment policy.

Concentration of credit risk. The City will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$2,934,869 of the City's bank balance of \$4,444,136 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of the same date the discretely presented component unit's had exposure to custodial credit risk because \$95,446 of the bank balance of \$341,613 was uninsured and uncollateralized. Neither the government nor the discretely presented component unit's have a deposit policy for custodial credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments in U.S. Government Securities, Corporate Bonds and Notes, Stocks and Government Notes have custodial credit risk exposure because they are uninsured, and unregistered and the securities are held by brokers in the City's name. The government does not have an investment policy for custodial credit risk.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

As of June 30, 2006, the City had the following investments:

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Investments - Primary Government		
U.S. Government		
Securities	\$ 3,449,255	\$ 3,449,255
Corporate		
Bonds and Notes	355	355
International Bonds	885,321	885,321
Common Stocks	590,193	590,193
Government Notes	269,639	269,639
Mutual Funds	5,679,290	5,679,290
	<u>\$ 10,874,053</u>	<u>\$ 10,874,053</u>

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Investments - Component Units		
U.S. Government		
Securities	\$ 1,502,989	\$ 1,502,989
Mutual Funds	20,342	20,342
	<u>\$ 1,523,331</u>	<u>\$ 1,523,331</u>

A reconciliation of cash and investments follows:

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNITS</u>
Cash on Hand	\$ 1,200	\$ 0
Carrying amount of Deposits	4,221,636	445,461
Carrying amount of Investments	10,874,053	1,523,331
	<u>\$ 15,096,889</u>	<u>\$ 1,968,792</u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Government-wide Statement of Net Assets

Cash	\$ 1,575,212	\$ 102,961
Investments	7,870,400	1,865,831
Overdraft - Liability	(200,032)	0
Statement of Fiduciary Net Assets		
Cash	68,506	0
Investments	5,788,444	0
Overdraft - Liability	(5,641)	0
	<u>\$ 15,096,889</u>	<u>\$ 1,968,792</u>

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Special Assessment Capital Project	Water and Sewer	Building Authority Operating	Nonmajor and Other Funds	Total
Receivables						
Taxes	\$ 7,206	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,206
Accounts	90,712	0	411,074	0	8,898	510,684
Unbilled						
Services	0	0	271,792	0	0	271,792
Special Assessments						
Current	0	48,177	0	0	69,927	118,104
Deferred	0	317,309	0	0	261,201	578,510
Mortgages and Notes	181,286	0	0	0	292,295	473,581
Accrued Interest	6,377	20,653	24,725	1,837	56,900	110,492
Cylinder Deposits	0	0	10,500	0	0	10,500
Receivables	<u>\$ 285,581</u>	<u>\$ 386,139</u>	<u>\$ 718,091</u>	<u>\$ 1,837</u>	<u>\$ 689,221</u>	<u>\$ 2,080,869</u>

By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue	
	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 4,995	\$ 0
Property taxes prepaid (General Fund)	0	8,857
Accounts receivable (General Fund)	0	1,042
Mortgages and notes receivable (General Fund)	181,286	0
Deferred Grant Revenue (Special Revenue Funds)	0	28,908
Mortgages and notes receivable (Special Revenue Funds)	256,071	0
Special assessment receivables (Debt Service Funds)	261,201	0
Special assessment receivables (Capital Projects Funds)	317,309	0
	<u>\$ 1,020,862</u>	<u>\$ 38,807</u>
		<u>\$ 1,059,669</u>

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 2,545,018	\$ 0	\$ 45,797	\$ 2,499,221
Capital Assets, Being Depreciated				
Buildings	\$ 3,881,734	\$ 0	\$ 0	\$ 3,881,734
Land Improvements	741,986	0	0	741,986
Machinery and Equipment	1,558,425	411,580	0	1,970,005
Infrastructure	14,323,333	638,512	0	14,961,845
Total Capital Assets, Being Depreciated	<u>\$20,505,478</u>	<u>\$ 1,050,092</u>	<u>\$ 0</u>	<u>\$21,555,570</u>

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation For:				
Buildings	\$ 2,314,819	\$ 80,739	\$ 0	\$ 2,395,558
Land Improvements	309,089	31,408	0	340,497
machinery and Equipment	1,091,219	138,958	0	1,230,177
Infrastructure	5,463,734	662,930	0	6,126,664
Total Accumulated Depreciation	\$ 9,178,861	\$ 914,035	\$ 0	\$10,092,896
Total Capital Assets, Being Depreciated, Net	\$11,326,617	\$ 136,057	\$ 0	\$11,462,674
Governmental Activities Capital Assets, Net	<u>\$13,871,635</u>	<u>\$ 136,057</u>	<u>\$ 45,797</u>	\$13,961,895
Internal Service Fund Net Capital Assets				<u>1,207,078</u>
Net Capital Assets per Statement of Net Assets				<u>\$15,168,973</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 362,532	\$ 0	\$ 0	\$ 362,532
Construction in Progress	114,984	22,717	0	137,701
Total Capital Assets, Not Being Depreciated	\$ 477,516	\$ 22,717	\$ 0	\$ 500,233
Capital Assets, Being Depreciated				
Buildings	\$ 2,629,758	\$ 0	\$ 0	\$ 2,629,758
Improvements other than buildings	28,038,846	454,091	0	28,492,937
Machinery and Equipment	1,061,121	102,069	42,549	1,120,641
Total Capital Assets, Being Depreciated	\$ 31,729,725	\$ 556,160	\$ 42,549	\$ 32,243,336

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation For:				
Buildings	\$ 917,489	\$ 53,984	\$ 0	\$ 971,473
Improvements other than buildings	10,490,957	719,776	0	11,210,733
Machinery and Equipment	766,588	62,115	42,549	786,154
Total Accumulated Depreciation	\$ 12,175,034	\$ 835,875	\$ 42,549	\$ 12,968,360
Total Capital Assets, Being Depreciated, Net	\$ 19,554,691	\$ (279,715)	\$ 0	\$ 19,274,976
Business-type Activities Capital Assets, Net	\$ 20,032,207	\$ (256,998)	\$ 0	\$ 19,775,209

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 62,313
Public Safety	122,075
Public Works, including depreciation of general infrastructure assets	602,175
Recreation and Culture	110,309
Economic Development and Assistance	17,163
Total depreciation expense - governmental activities	<u>\$ 914,035</u>

Business-type activities:

Water	\$ 785,141
Automobile Parking System	16,754
Building Authority Operating	33,980
Total depreciation expense - business-type activities	<u>\$ 835,875</u>

Construction Commitments:

The City has active construction projects as of June 30, 2006. The constructions projects are for street construction and for the underlying water and sewer infrastructure. The total contract balances were approximately \$1,031,411 with \$215,303 being expended as of June 30, 2006. The remaining commitments total \$816,108. The projects are being funded with water and sewer revenues, general revenues and Act 51 Street revenues.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Discretely Presented Component Units:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Government-Type Activities</u>				
Capital Assets, Being Depreciated				
Land Improvements	\$ 8,965	\$ 0	\$ 0	\$ 8,965
Less Accumulated Depreciation For:				
Improvements Other Than Buildings	(448)	(897)	0	(1,345)
Total Capital Assets, Being Depreciated, Net	\$ 8,517	\$ 897	\$ 0	\$ 7,620
<u>Business-Type Activities</u>				
Capital Assets, Being Depreciated				
Improvements Other Than Buildings	\$ 214,812	\$ 11,955	\$ 0	\$ 226,767
Less Accumulated Depreciation For:				
Improvements Other Than Buildings	(45,826)	(4,416)	0	(50,242)
Total Capital Assets, Being Depreciated, Net	\$ 168,986	\$ 7,539	\$ 0	\$ 176,525

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Economic Development and Assistance \$ 897

Business-type activities

Utilities \$ 4,416

D. Interfund Receivables, Payables and Transfers

The composition of due to/due from balances as of June 30, 2006, is as follows:

	General Fund	Major Street	Local Street	Special Assessment Capital Project	Nonmajor Governmental Funds	Water and Sewer	Internal Service Funds	Pension Trust Fund	Agency	Total Due to
Due to										
General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,356	\$ 0	\$ 0	\$ 25,947	\$ 0	\$ 46,303
Major Street Fund	0	0	17,212	0	32	0	0	0	0	17,244
Local Street Fund	0	0	0	0	100	0	0	0	0	100
Special Assessments										
Capital Project Fund	0	189,367	0	0	0	0	0	0	0	189,367

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	General	Major	Local	Special Assessment	Nonmajor	Water	Internal	Pension		Total
	Fund	Street	Street	Capital	Governmental	and	Service	Trust	Agency	Due to
				Project	Funds	Sewer	Funds	Fund		
Nonmajor										
Governmental Funds	264,473	0	0	0	10,873	0	0	0	0	275,346
Water and Sewer Fund	33,009	0	0	11,855	0	0	0	0	1,436	46,300
Nonmajor Enterprise										
Fund	0	0	0	0	0	0	2,002	0	0	2,002
Internal Service Funds	86,079	0	0	0	2,002	0	90,146	0	925	179,152
Agency	42,232	0	0	0	0	7,832	0	0	0	50,064
Total Due from	\$ 425,793	\$ 189,367	\$ 17,212	\$ 11,855	\$ 33,363	\$ 7,832	\$ 92,148	\$ 25,947	\$ 2,361	\$ 805,878

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2006, are expected to be repaid within one year.

The interfund transfers during the year ended June 30, 2006, are as follows:

	Local	Nonmajor	Total
	Street	Governmental	Transfers
		Funds	Out
Transfers Out			
General Fund	\$ 276,500	\$ 44,152	\$ 320,652
Major Street Fund	97,000	19,100	116,100
Local Street Fund	0	158,000	158,000
Nonmajor Governmental Funds	0	222,880	222,880
Total Transfers In	\$ 373,500	\$ 444,132	\$ 817,632

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Leases

Operating Leases - The City is committed under two noncancelable leases for office equipment and four noncancelable leases for vehicles. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value. Total costs for these

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

leases were approximately \$25,661 for the year ended June 30, 2006. Future minimum lease payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	
2007	\$ 24,983
2008	22,105
2009	12,031
2010	9,159
	<hr/>
	\$ 68,278

Capital Leases – As of June 30, 2006, the City of Cadillac is not committed under any capital leases.

F. Long-Term Debt

1. Primary Government

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2006 (in thousands of dollars):

Governmental Activities:

	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	CONTRACTS AND NOTES	SICK AND VACATION PAY	TOTAL
Debt Payable at July 1, 2005	\$ 1,665	\$ 775	\$ 562	\$ 474	\$ 3,476
New Debt Incurred	0	0	0	105	105
Debt Retired	(140)	(150)	(107)	(106)	(503)
Debt Payable at June 30, 2006	<hr/> \$ 1,525	<hr/> \$ 625	<hr/> \$ 455	<hr/> \$ 473	<hr/> \$ 3,078
Due within one year	<hr/> \$ 130	<hr/> \$ 140	<hr/> \$ 82	<hr/> \$ 100	<hr/> \$ 452

The General Fund will generally liquidate vested sick and vacation pay for the governmental activities.

Debt payable at June 30, 2006 is comprised of the following individual issues (in thousands of dollars):

General Obligation Bonds:

\$230,000 1996 Michigan Transportation Fund Bonds due in annual installments of \$20,000 to \$25,000 through October 1, 2010; interest at 5.50 percent	\$ 115
--	--------

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

\$110,000 1997 Michigan Transportation Fund Bonds due in annual installments of \$15,000 through October 1, 2008; interest at 5.30 to 5.35 percent	45
\$300,000 2000 Michigan Transportation Fund Bonds due in annual installments of \$20,000 to \$35,000 through October 1, 2014; interest at 5.40 to 5.55 percent	240
\$310,000 1997 Building Authority Bonds due in annual installments of \$20,000 to \$30,000 through October 1, 2012; interest at 4.95 to 5.25 percent	185
\$995,000 2004 General Obligation Capital Improvement Bonds due in annual installments of \$55,000 to \$85,000 through September 1, 2019; interest at 2.20 to 4.25 percent	940
	<u>\$ 1,525</u>

Special Assessment Bonds

\$360,000 Special Assessment Limited Tax Bonds due in one installment of \$20,000 on October 1, 2006; interest at 6.20 percent	\$ 20
\$220,000 Special Assessment Limited Tax Bonds due in annual installments of \$15,000 through October 1, 2007; interest at 5.50 to 5.60 percent	30
\$425,000 Special Assessment Limited Tax Bonds due in annual installments of \$10,000 to \$30,000 through October 1, 2010; interest at 5.35 to 5.65 percent	115
\$360,000 Special Assessment Limited Tax Bonds due in annual installments of \$20,000 to \$25,000 through October 1, 2011; interest at 5.30 to 5.45 percent	145
\$210,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$20,000 through October 1, 2014; interest at 5.40 to 5.55 percent	105
\$325,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$35,000 through October 1, 2015; interest at 3.40 to 5.00 percent	210
	<u>\$ 625</u>

Other Long-Term Debt:

\$212,653 Michigan Jobs Commission loan due in quarterly installments of \$4,430 to \$13,291 beginning September 1, 2005 and running through December 1, 2016; this loan is interest-free	\$ 186
\$27,000 Loan, due in semi-annual installments of \$13,500 through 2007; interest at 3.00 percent	27
\$235,000 Loan, due in annual installments of \$26,111 through 2014; interest at 3.00 percent	208

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

\$45,000 Loan, due in annual installments of \$11,250 through 2009;
interest at 3.00 percent

34

Vested sick and vacation pay owed to City employees under various contracts
and collective bargaining agreements (this debt is payable from the General Fund
and various Special Revenue Funds)

	473
\$	928
\$	3,078

The annual requirements to amortize debt outstanding other than vested sick and vacation pay as of June 30, 2006, are as follows (in thousands of dollars):

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	INSTALLMENT LOANS	TOTAL
2007				
PRINCIPAL	\$ 130	\$ 140	\$ 82	\$ 352
INTEREST	62	28	10	100
TOTAL	\$ 192	\$ 168	\$ 92	\$ 452
2008				
PRINCIPAL	\$ 135	\$ 120	\$ 55	\$ 310
INTEREST	56	21	6	83
TOTAL	\$ 191	\$ 141	\$ 61	\$ 393
2009				
PRINCIPAL	\$ 145	\$ 105	\$ 55	\$ 305
INTEREST	50	16	4	70
TOTAL	\$ 195	\$ 121	\$ 59	\$ 375
2010				
PRINCIPAL	\$ 135	\$ 90	\$ 44	\$ 269
INTEREST	44	11	4	59
TOTAL	\$ 179	\$ 101	\$ 48	\$ 328
2011				
PRINCIPAL	\$ 140	\$ 70	\$ 44	\$ 254
INTEREST	38	7	3	48
TOTAL	\$ 178	\$ 77	\$ 47	\$ 302

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	INSTALLMENT LOANS	TOTAL
2012-2016				
PRINCIPAL	\$ 520	\$ 100	\$ 167	\$ 787
INTEREST	116	7	4	127
TOTAL	\$ 636	\$ 107	\$ 171	\$ 914
2017-2020				
PRINCIPAL	\$ 320	\$ 0	\$ 8	\$ 328
INTEREST	27	0	0	27
TOTAL	\$ 347	\$ 0	\$ 8	\$ 355
GRAND TOTAL				
PRINCIPAL	\$ 1,525	\$ 625	\$ 455	\$ 2,605
INTEREST	393	90	31	514
TOTAL	\$ 1,918	\$ 715	\$ 486	\$ 3,119

Business-Type Activities:

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2006, (in thousands of dollars) reported in Business-Type Activities:

	REVENUE BONDS
Debt Payable at July 1, 2005	\$ 8,915
New Debt Incurred	0
Debt Retired	(445)
Debt Payable at June 30, 2006	\$ 8,470

Revenue Bonds:

\$1,655,000 Water Supply and Wastewater System Revenue Refunding Bonds due in annual installments of \$205,000 to \$220,000 through September 1, 2007; interest at 5.40 to 5.50 percent \$ 425

\$2,300,000 Water Supply and Wastewater System Revenue Bonds due in annual installments starting September 1, 2004, of \$90,000 to \$95,000 through September 1, 2007, interest at 5.375 percent 185

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Revenue Bonds:

\$2,110,000 Water Supply and Wastewater System Revenue and Revenue Refunding Bonds due in annual installments of \$5,000 to \$305,000 through September 1, 2019; interest at 4.05 to 4.90 percent	1,505
\$5,215,000 Water and Sewer Revenue and Revenue Refunding Bonds due in annual installments of \$10,000 to \$505,000 through September 1, 2026; interest at 4.25 to 5.125 percent	5,175
\$1,265,000 1999 Building Authority Refunding Bonds due in annual installments of \$100,000 to \$140,000 through October 1, 2015; interest at 4.10 to 4.60 percent	1,180
	<u>\$ 8,470</u>
Less unamortized deferred charges	<u>99</u>
Long-term debt per Statement of Net Assets	<u><u>\$ 8,371</u></u>

The annual requirements to amortize debt outstanding reported in business-type activities as of June 30, 2006, are as follows (in thousands of dollars):

YEAR ENDING JUNE 30,	REVENUE BONDS
2007	
PRINCIPAL	\$ 465
INTEREST	398
TOTAL	<u>\$ 863</u>
2008	
PRINCIPAL	\$ 490
INTEREST	374
TOTAL	<u>\$ 864</u>
2009	
PRINCIPAL	\$ 515
INTEREST	351
TOTAL	<u>\$ 866</u>
2010	
PRINCIPAL	\$ 540
INTEREST	328
TOTAL	<u>\$ 868</u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

2011		
PRINCIPAL	\$	570
INTEREST		303
TOTAL	\$	<u>873</u>
2012-2016		
PRINCIPAL	\$	2,315
INTEREST		1,142
TOTAL	\$	<u>3,457</u>
2017-2021		
PRINCIPAL	\$	1,375
INTEREST		742
TOTAL	\$	<u>2,117</u>
2022-2026		
PRINCIPAL	\$	1,785
INTEREST		344
TOTAL	\$	<u>2,129</u>
2027		
PRINCIPAL	\$	415
INTEREST		10
TOTAL	\$	<u>425</u>
GRAND TOTAL		
PRINCIPAL	\$	8,470
INTEREST		3,992
TOTAL	\$	<u><u>12,462</u></u>

\$587,512 is available in the Debt Service Funds to service the General Obligation and Special Assessment bonds. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

At June 30, 2006, outstanding revenue bonds (including prior year's refundings) of \$1,955,000 are considered to be defeased. These are by fund type, as follows:

Enterprise Funds	<u><u>\$ 1,955,000</u></u>
------------------	----------------------------

2. Component Units

As of June 30, 2006, the City of Cadillac's discretely presented component units had no outstanding debt.

G. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the City has reserved fund balances/retained earnings in various funds. In addition, certain portions of

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

NET ASSETS

Restricted

General Fund

Special Purposes	\$	16,421
------------------	----	--------

Self-Insured Fund

Retirees' Life Insurance	\$	191,356
Employees' Life and Health Insurance	583,890	775,246
		1,656,644

Water and Sewer Fund

Debt Service		1,656,644
		\$ 2,448,311

FUND BALANCE/NET ASSETS

Reserved

General Fund

Inventory	\$	3,423
Prepaid Expenditures	150,105	
Veterans Memorial	1,855	
Pistol Range	816	
Antique Fire Truck	2,059	
Youth Services	844	
Drug Forfeiture	2,676	
Fire Safety House	2,250	
Blackburn Skate Park	3,991	
Say Nay to Drugs	15	
White Pine Trail	2,731	\$ 170,765
		170,765

Special Revenue Funds

Major Street Fund

Prepaid Expenditures	\$	1,102
----------------------	----	-------

Local Street Fund

Prepaid Expenditures		1,018
----------------------	--	-------

Cemetery Operating Fund

Capital Improvements		10,918
Prepaid Expenditures		680

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Local Street Fund		
Prepaid Expenditures	1,018	
Cemetery Operating Fund		
Capital Improvements	10,918	
Prepaid Expenditures	680	
Community Development Fund		
Prepaid Expenditures	76	
Cadillac Development Fund		
Loans Receivable	36,224	
Naval Reserve Center Fund		
Prepaid Expenditures	605	
Clam River Greenway Fund		
Parks	5,742	56,365
Debt Service Funds		
Reserved for Debt Service		
1992 Special Assessment Debt Retirement Fund	\$ 15,423	
1993 Special Assessment Debt Retirement Fund	47,580	
1996 Special Assessment Debt Retirement Fund	120,834	
1996 Michigan Transportation Fund		
Debt Retirement Fund	4,424	
1997 Special Assessment Debt Retirement Fund	279,216	
1997 Michigan Transportation Fund		
Debt Retirement Fund	1,112	
2000 Special Assessment Debt Retirement Fund	118,554	
2000 Michigan Transportation Fund		
Debt Retirement Fund	1	
2004 Capital Improvement Bonds		
Debt Retirement Fund	368	587,512
Capital Projects Fund		
Industrial Park Fund		
Industrial Development	\$ 306,090	
Special Assessment Capital Projects Fund		
Special Assessment Project Construction	37,827	343,917

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Reserved

Trust Funds

Policemen and Firemen Retirement System		
Employee's Pension Benefits	\$ 5,813,757	
Cemetery Perpetual Care Fund		
Cemetery Perpetual Care Endowment	473,740	
Capital Projects Trust Fund		
Capital Projects	<u>728,102</u>	7,015,599

Component Units

Downtown Development Authority Operating Fund		
Prepaid Expenditures	\$ 66	
L.D.F.A. Debt Retirement Fund		
Debt Service	8,506	
L.D.F.A. Operating Fund		
Groundwater Cleanup	<u>1,690,516</u>	<u>1,699,088</u>

TOTAL FUND BALANCE/NET ASSETS RESERVES		<u><u>\$ 9,873,246</u></u>
--	--	----------------------------

Unreserved - Designated

General Fund

Sick and Vacation	\$ 89,086	
Working Capital	1,257,191	
Tax Tribunal	<u>19,506</u>	\$ 1,365,783

Special Revenue Funds

Major Street Fund		
Street Improvements	\$ 326,278	
Local Street Fund		
Street Improvements	<u>109,380</u>	<u>435,658</u>

TOTAL FUND BALANCE DESIGNATIONS		<u><u>\$ 1,801,441</u></u>
---------------------------------	--	----------------------------

IV. OTHER INFORMATION

A. Amortization of Bond Issuance Costs

The City incurred bond issuance costs in connection with Water and Sewer revenue bonds and Building Authority Operating Bonds of \$406,052 and \$50,158, respectively. These costs have been capitalized and are amortized using the "interest" method, as prescribed in Accounting Principles Board Opinion Number 21, over the repayment period of the bonds.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The City also incurred bond issuance cost in connection with the City of Cadillac 2004 General Obligation Capital Improvement Bonds of \$20,337. These costs have been expenses on the Fund Financial Statements, but are capitalized and amortized using the “interest” method over the repayment period of the bonds on the Government-Wide Statements.

B. Mortgages and Notes Receivable

Mortgages and Notes Receivable as reported in the Special Revenue Funds consist of the following:

Mortgages resulting from loans made with H.U.D. grant monies to assist low and moderate income families to bring their homes up to the City building code. These loans are either low interest or interest free. As loans are repaid, money is made available for new loans.

C. City Obligation for Special Assessment Debts

As described in Note III-F, the City has special assessment bonds payable totaling \$625,000. In the event that property owners default on the special assessments levied to pay these bonds, the City is obligated to make payment from its own funds. The City currently has cash and investments totaling \$635,198 to be used for retirement of these bonds. This amount is on deposit in the various special assessment debt retirement funds.

D. Wexford County Airport Authority

The Wexford County Airport Authority is a joint venture created to construct, maintain, operate and improve the Wexford County Airport. Authority board members are appointed by the mayor with the advice and consent of the City Council and by the Wexford County Board of Commissioners. The Authority receives funding from the City and from Wexford County. The Authority's fiscal year corresponds with the County's and, because the County has majority representation on the board and provides 60% of the Authority's funding, its financial statements are included in the County's comprehensive annual financial report rather than the City's. The following financial information was taken from the Authority's December 31, 2005, audited financial statements:

Total Assets	\$ 2,208,085
Total Liabilities	13,428
Investment in Capital Assets	2,020,263
Net Assets Invested in Capital Assets	2,020,263
Net Assets - Unrestricted	174,394
Total Revenues - Governmental and Business Type Activities	569,925
Total Expenses - Governmental and Business Type Activities	595,266
Change in Net Assets	(25,341)

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The Wexford County Airport Authority's total liabilities can be broken down as follows:

Accounts Payable	\$ 1,124
Accrued Expenses	3,438
Accumulated Sick Pay (Long-Term)	8,866

Complete financial statements may be obtained at: 8040 East 34 Road, Cadillac, Michigan 49601

E. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

F. Due from Other Governments

Amounts due from other governments consists of \$346,603 in state-shared revenues, undrawn grants and contributions from local units.

G. Contingent Liabilities

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known.

H. Other Post Employment Benefits

The City has chosen to early implement Governmental Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This standard applies to the City's basic financial statements instead of the trust fund financial statements. The OPEB obligation is reported as a liability on the City's entity-wide statement of net assets.

Plan Descriptions. The City of Cadillac contributes to two agent multi-employer defined benefit healthcare plans: General Retiree Health Care Plan (GRHCP) and Policemen and Firemen Retiree Health Care Plan (PFRHP). Each plan provides medical benefits to eligible retired city employees and beneficiaries.

Benefit provisions for GRHCP and PFRHP are established and amended through negotiations between the City and respective unions. Each plan will issue a publicly available financial report that includes financial statements and required supplementary information for that plan. These reports may be obtained by writing or calling the City at the following address or number:

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

City of Cadillac
Human Resources
200 North Lake Street
Cadillac, MI 49601

Funding Policy and Annual OPEB Cost. For GRHCP, contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the union. For PFRHP, the board of trustees of the plan establishes and may amend the contribution requirements of plan members and the city. The City's annual other post employment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information for each plan are as follows:

	General Retiree Health Care Plan	Policemen and Firemen Retiree Health Care Plan
Contribution rates:		
City	Percentage of Payroll 6.95%	Percentage of Payroll 16.24%
Plan Members	\$25/Month - Single \$50/Month - Family	\$25/Month - Single \$50/Month - Family
Annual required contribution	\$ 100,579	\$ 188,634
Interest on net OPEB obligation	2,489	9,802
Adjustment to annual required contribution	0	0
Annual OPEB cost	103,068	198,436
Contributions made	(112,462)	(130,499)
Increase in net OPEB obligation	(9,394)	67,937
Net OPEB obligation - Beginning of Year	46,248	130,511
Net OPEB obligation - End of Year	\$ 36,854	\$ 198,448

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2006 and 2005 for each of the plans were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
General Retiree Health Care Plan	6/30/2005	\$ 96,248	51.95%	\$ 46,248
	6/30/2006	103,068	109.11%	36,854
Policemen and Firemen Retiree	6/30/2005	180,511	27.70%	130,511
	6/30/2006	198,436	65.76%	198,448

Funded Status and Funding Progress. The funded status of the plans as of December 31, 2004, which was the latest valuation, was as follows:

	General Retiree Health Care Plan	Policemen and Firemen Retiree Health Care Plan
Actuarial accrued liability (a)	\$ 1,133,778	\$ 2,045,075
Actuarial value of plan assets (b)	167,234	185,623
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 966,544</u>	<u>\$ 1,859,452</u>
Funded ratio (b) / (a)	14.75%	9.08%
Covered payroll (c)	\$ 1,447,176	\$ 1,161,537
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a) - (b)]/(c))	66.79%	160.09%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	General Retiree Health Care Plan	Policemen and Firemen Retiree Health Care Plan
Actuarial valuation date	12/31/2004	12/31/2004
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay over 30 years	Level percentage of pay over 30 years
Remaining amortization period	30 years	30 years
Asset valuation method	N/A	N/A
Actuarial assumptions:		
Investment rate of return	8%	8%
Projected salary increases	4.50%	4.50%
Healthcare inflation rate	12% initial 4.5% ultimate	12% initial 4.5% ultimate

I. Employee Retirement Systems

The City maintains a single-employer, defined benefit pension plan (Policemen and Firemen Retirement System) which covers all policemen and firemen, and participates in an agent multi-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan for coverage of substantially all of the City's general employees and the Water and Sewer System employees.

Plan Description. The **Policemen and Firemen Retirement System** (PFRS) is a single-employer defined benefit pension plan which is administered by the City. The PFRS provides retirement, disability and death benefits to all full-time members of the City's police and fire departments and their beneficiaries. Act No. 345 of the Public Acts of 1937, as amended, and the Michigan Constitution assign authority to the City's retirement board to establish and amend benefit provisions. The Cadillac Policeman and Fireman Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for a single-employer pension plan. That report may be obtained by writing to the City of Cadillac, 200 North Lake Street, Cadillac, Michigan 49601.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Funding Policy. The contribution requirements of the City are established and may be amended by the retirement board. Police department members are required to contribute 5.50% of their annual covered payroll. The City is required to contribute at actuarially determined rates; the current rates are 27.83% for police and 28.51% for fire of annual covered payroll. The City pays all costs of administering the plan.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the PFRS for the current year were as follows:

Annual required contribuiton	\$ 469,725
Interest on net pension obligation	0
Adjustment to annual required contribution	0
Annual pension cost	<u>\$ 469,725</u>
Contributions made	<u>469,725</u>
Increase (decrease) in net pension obligation	\$ 0
Net pension obligation beginning of year	0
Net pension obligation end of year	<u><u>\$ 0</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2005, actuarial valuation using the entry-age normal cost valuation method. The actuarial assumptions included (a) 7.50% investment rate of return (administrative expenses are paid by the City) and (b) projected salary increases ranging from 4.50% to 7.50% per year. Both (a) and (b) included an inflation component of 4.50%. The assumptions did not include post-retirement benefit increases, which are currently not provided for in the plan. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed period of 15 future years.

Four-Year Trend Information for PFRS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 268,859	100.0%	0
6/30/2004	334,368	100.0%	0
6/30/2005	446,560	100.0%	0
6/30/2006	469,725	100.0%	0

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Schedule of Funding Progress for PFRS

(Dollar amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2002	\$ 6.0	\$ 7.0	\$ 1.0	85.7%	\$ 1.4	71.43%
6/30/2003	5.9	7.3	1.4	80.8%	1.2	116.67%
6/30/2004	5.8	8.0	2.2	72.5%	1.4	157.14%
6/30/2005	5.9	8.5	2.6	69.4%	1.4	185.71%

Plan Description. Substantially all full-time employees of the City who are not members of the Policeman and Fireman Retirement System are members of the **Municipal Employees Retirement System of Michigan** (MERS) which provides retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer pension plan administered by the State of Michigan. Act No. 427 of the Public Acts of 1984, as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the City. The MERS issues a publicly available financial report that includes statements and required supplementary information for MERS. That report may be obtained by writing to The Retirement Board, Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy. MERS members are not required to make any contributions to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll because the plan is over funded. The contribution requirements of plan members and the City are established and may be amended by the MERS board of trustees.

Annual Pension Cost. Because the plan is overfunded, there have been no required or actual contributions for over ten years. The required contribution was most recently determined as part of the December 31, 2005 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions include (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases ranging from 4.50% to 12.90 year. Both (a) and (b) include an inflation component of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Positive unfunded accrued liability (if any) is amortized as a level percentage of payroll over a closed period of 30 years, while negative unfunded liability (if any) is amortized as a level percentage of payroll over a closed period of 10 years.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Four-Year Trend Information for MERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2002	\$ 0	100.0%	\$ 0
6/30/2003	0	100.0%	0
6/30/2004	0	100.0%	0
6/30/2005	0	100.0%	0

Schedule of Funding Progress for MERS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2002	\$ 9,712	\$ 8,358	\$ (1,354)	116.2%	\$ 2,520	(53.73)
6/30/2003	10,054	8,911	(1,143)	112.8%	2,639	(43.31)
6/30/2004	9,991	9,170	(821)	109.0%	2,451	(33.50)
6/30/2005	10,274	9,727	(547)	105.6%	2,470	(22.15)

J. Component Unit Disclosures

The following presents the condensed financial statements for each of the four discretely presented component units.

	LOCAL				
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
Assets					
Current Assets	\$ 94,466	\$ 1,167	\$ 1,856,482	\$ 101,801	\$ 2,053,916
Capital Assets - Net	0	0	176,525	0	176,525
TOTAL ASSETS	\$ 94,466	\$ 1,167	\$ 2,033,007	\$ 101,801	\$ 2,230,441

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Condensed Financial Statements - Discretely Presented Component Units
Balance Sheets

	LOCAL				
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
Liabilities					
Current Liabilities	\$ 1,758	\$ 0	\$ 7,665	\$ 0	\$ 9,423
Due to Other Governments	32,891	0	0	0	32,891
Total Liabilities	\$ 34,649	\$ 0	\$ 7,665	\$ 0	\$ 42,314
Equity					
Invested in Capital Assets, Net of Related Debt	\$ 0	\$ 0	\$ 176,525	\$ 0	\$ 176,525
Fund Balance/ Net Assets	59,817	1,167	1,848,817	101,801	2,011,602
Total Equity	\$ 59,817	\$ 1,167	\$ 2,025,342	\$ 101,801	\$ 2,188,127
TOTAL LIABILITIES AND EQUITY	\$ 94,466	\$ 1,167	\$ 2,033,007	\$ 101,801	\$ 2,230,441

Statements of Revenues, Expenditures, and Changes in Equity

	LOCAL				
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
Revenues	\$ 145,767	\$ 0	\$ 356,947	\$ 3,959	\$ 506,673
Expenditures					
Operating and Other	\$ 59,693	\$ 0	\$ 813,480	\$ 1,550	\$ 874,723
Intergovernmental	32,444	0	0	0	32,444
Total Expenditures	\$ 92,137	\$ 0	\$ 813,480	\$ 1,550	\$ 907,167
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,630	\$ 0	\$ (456,533)	\$ 2,409	\$ (400,494)
Equity - Beginning of Year	6,187	1,167	2,155,555	99,392	2,262,301
Equity - End of Year	\$ 59,817	\$ 1,167	\$ 1,699,022	\$ 101,801	\$ 1,861,807

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Statements of Revenues, Expenses, and Changes in Net Assets

	L.D.F.A. UTILITIES
Revenues	\$ 18,393
Expenses	
Operating and Other	7,311
	<hr/>
Change in Net Assets	\$ 11,082
Net Assets - Beginning of Year	315,238
	<hr/>
Net Assets - End of Year	\$ 326,320
	<hr/> <hr/>

K. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The City maintains a self-insurance program to provide life insurance to retired City employees and to provide health insurance benefits for all active City employees and their families. These programs are reported in the Self-Insurance Fund (an internal service fund).

On January 5, 1981, the City Council approved Resolution 81.8 which, as amended provides \$2,500 to \$5,500 of life insurance benefits for all employees who retired on or after April 1, 1968 under either the municipal employee's retirement system (MERS) or under Act 345. Currently, 47 retirees meet those eligibility requirements. Expenditures for post-retirement life insurance benefits are recognized as claims are reported. During the year, the City incurred no post-retirement life insurance benefits. Life insurance benefits are funded by a one-time deposit to the self-insurance fund upon retirement of individual employees. The expense is charged to the retiring employee's department. The City has \$191,356 set aside for future claims.

The health insurance program is administered by an independent company, which furnishes claims review and processing. A specific insurance policy limits the City's liability to \$10,000 for any one individual participant per year and \$457,091 for aggregate plan benefits paid to all participants per year. This policy also provides group life insurance coverage for all active City employees. All fund types are charged premiums based on the number of employees they have.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	<u>2006</u>	<u>2005</u>
Unpaid Claims, Beginning of Year	\$ 32,414	\$ 51,632
Incurred Claims (Including IBNR's)	281,476	291,529
Claim Payments	<u>(257,645)</u>	<u>(310,747)</u>
Unpaid Claims, End of Year	<u>\$ 56,245</u>	<u>\$ 32,414</u>

The City participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The City pays annual premiums to each pool for the respective insurance coverage. In the event a pool member's covered loss exceeds the pools limits, all further payments become the sole obligation of the member.

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND				MAJOR STREET FUND				LOCAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES												
Taxes	\$ 3,775,500	\$3,909,500	\$ 4,188,262	\$ 278,762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	1,500	1,500	1,345	(155)	0	0	0	0	0	0	0	0
Federal Grants	0	41,000	45,600	4,600	882,600	882,600	222,746	(659,854)	0	0	0	0
State Grants	1,011,800	1,070,600	1,137,330	66,730	639,500	641,500	724,518	83,018	569,000	569,000	200,550	(368,450)
Contributions from Local Units	183,400	203,400	190,877	(12,523)	0	0	1,797	1,797	0	0	0	0
Charges for Services	890,300	926,500	954,202	27,702	0	0	0	0	0	0	0	0
Fines and Forfeits	36,000	36,000	28,110	(7,890)	0	0	0	0	0	0	0	0
Interest and Rents	47,400	47,400	58,801	11,401	3,000	13,000	12,626	(374)	0	0	8,706	8,706
Other Revenue	251,900	252,900	271,796	18,896	0	0	0	0	0	0	0	0
Total Revenues	\$ 6,197,800	\$6,488,800	\$ 6,876,323	\$ 387,523	\$1,525,100	\$1,537,100	\$ 961,687	\$ (575,413)	\$ 569,000	\$ 569,000	\$ 209,256	\$ (359,744)
EXPENDITURES												
General Government	\$ 1,575,400	\$1,580,700	\$ 1,557,282	\$ 23,418	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	2,987,400	3,371,900	3,478,001	(106,101)	0	0	0	0	0	0	0	0
Public Works	666,100	712,500	712,912	(412)	1,623,800	1,640,200	949,838	690,362	1,247,900	1,226,400	674,535	551,865
Culture and Recreation	208,700	216,700	217,526	(826)		0	0	0	0	0	0	0
Economic Development and Assistance	36,800	37,400	39,143	(1,743)	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0	0	34,025	(34,025)
Intergovernmental	332,400	365,900	316,748	49,152	0	0	0	0	0	0	0	0
Total Expenditures	\$ 5,806,800	\$6,285,100	\$ 6,321,612	\$ (36,512)	\$1,623,800	\$1,640,200	\$ 949,838	\$ 690,362	\$1,247,900	\$1,226,400	\$ 708,560	\$ 517,840
Excess (Deficiency) of Revenues Over Expenditures	\$ 391,000	\$ 203,700	\$ 554,711	\$ 351,011	\$ (98,700)	\$ (103,100)	\$ 11,849	\$ 114,949	\$ (678,900)	\$ (657,400)	\$ (499,304)	\$ 158,096
OTHER FINANCING SOURCES (USES)												
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 379,400	\$ 399,500	\$ 373,500	\$ (26,000)
Transfers Out	(391,000)	(338,500)	(320,652)	17,848	(66,900)	(97,000)	(116,100)	(19,100)	(108,500)	(132,500)	(158,000)	(25,500)
Total Other Financing Sources (Uses)	\$ (391,000)	\$ (338,500)	\$ (320,652)	\$ 17,848	\$ (66,900)	\$ (97,000)	\$ (116,100)	\$ (19,100)	\$ 270,900	\$ 267,000	\$ 215,500	\$ (51,500)
Net Change in Fund Balance	\$ 0	\$ (134,800)	\$ 234,059	\$ 368,859	\$ (165,600)	\$ (200,100)	\$ (104,251)	\$ 95,849	\$ (408,000)	\$ (390,400)	\$ (283,804)	\$ 106,596
FUND BALANCE - Beginning of Year	1,128,447	1,128,447	1,302,489	174,042	507,972	507,972	431,631	(76,341)	408,549	408,549	394,202	(14,347)
FUND BALANCE - End of Year	\$ 1,128,447	\$ 993,647	\$ 1,536,548	\$ 542,901	\$ 342,372	\$ 307,872	\$ 327,380	\$ 19,508	\$ 549	\$ 18,149	\$ 110,398	\$ 92,249

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

General Health Care Plan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2004	6/30/2005	\$ 50,000	\$ 1,133,778	\$ 1,083,778	4.41%	\$ 1,384,857	78.26%
12/31/2004	6/30/2006	167,234	1,133,778	966,544	14.75%	1,447,176	66.79%

Policemen and Firemen Retiree Health Care

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2004	6/30/2005	\$ 50,000	\$ 2,045,075	\$ 1,995,075	2.44%	\$ 1,111,519	179.49%
12/31/2004	6/30/2006	185,623	2,045,075	1,859,452	9.08%	1,161,537	160.09%

In future years the most recent actuarial valuation and the two preceding valuations will be presented.

CITY OF CADILLAC, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2006

I. Budgetary Information

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Special Assessment Capital Projects Fund is not required to be presented as required supplemental information. All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Four budget amendments were made during the year in a legally permissible manner.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

MAJOR STREET FUND

The Major Street Fund accounts for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

LOCAL STREET FUND

The Local Street Fund receives all local street money paid to the City by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

The Special Assessments Capital Projects Fund accounts for preliminary and construction work on projects that are subsequently paid from special assessments.

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 398,875	\$ 369,086
Investments	614,680	502,987
Receivables		
Taxes	7,206	7,019
Accounts	90,712	113,930
Note	181,286	209,610
Accrued Interest	6,377	5,802
Due from Other Funds	425,793	675,886
Due from Other Governments	147,937	239,122
Inventory, At Cost	3,423	3,222
Prepaid Expenditures	150,105	845
TOTAL ASSETS	<u>\$ 2,026,394</u>	<u>\$ 2,127,509</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 99,203	\$ 129,913
Accrued Expenditures	77,856	69,357
Due to Other Funds	46,303	391,533
Due to Other Governments	41,396	17,505
Deferred Revenue	225,088	216,712
Total Liabilities	<u>\$ 489,846</u>	<u>\$ 825,020</u>
<u>FUND BALANCE</u>		
Reserved for:		
Inventory	\$ 3,423	\$ 3,222
Prepaid Expenditures	150,105	845
Pistol Range	816	2,272
Antique Fire Truck	2,059	2,059
Veterans Memorial	1,855	1,855
Youth Services	844	844
Drug Forfeiture	2,676	2,596
Fire Truck	0	126,002
Fire Safety House	2,250	2,250
Blackburn Skate Park	3,991	1,261
Say Nay to Drugs	15	15
White Pine Trail	2,731	0
Unreserved		
Designated for:		
Sick and Vacation	89,086	187,457
Working Capital	#REF!	952,305
Tax Tribunal	19,506	19,506
Total Fund Balance	<u>\$ 1,536,548</u>	<u>\$ 1,302,489</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,026,394</u>	<u>\$ 2,127,509</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>2006</u>	<u>2005</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$ 3,775,500	\$ 3,909,500	\$ 4,188,262	\$ 3,638,553
Licenses and Permits	1,500	1,500	1,345	1,160
Federal Grants	0	46,400	45,600	101,176
State Grants	1,011,800	1,065,200	1,137,330	1,112,128
Contributions from Local Units	183,400	203,400	190,877	179,443
Charges for Services	890,300	926,500	954,202	818,018
Fines and Forfeits	36,000	36,000	28,110	35,306
Interest and Rents	47,400	47,400	58,801	44,612
Other Revenue	251,900	252,900	271,796	228,587
Total Revenues	\$ 6,197,800	\$ 6,488,800	\$ 6,876,323	\$ 6,158,983
<u>EXPENDITURES</u>				
General Government	\$ 1,575,400	\$ 1,580,700	\$ 1,557,282	\$ 1,516,972
Public Safety	2,987,400	3,371,900	3,478,001	3,046,227
Public Works	666,100	712,500	712,912	603,751
Culture and Recreation	208,700	216,700	217,526	412,427
Economic Development and Assistance	36,800	37,400	39,143	35,177
Intergovernmental	332,400	365,900	316,748	306,387
Total Expenditures	\$ 5,806,800	\$ 6,285,100	\$ 6,321,612	\$ 5,920,941
Excess (Deficiency) of Revenues Over Expenditures	\$ 391,000	\$ 203,700	\$ 554,711	\$ 238,042
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (391,000)	\$ (338,500)	\$ (320,652)	\$ (296,500)
Net Change in Fund Balance	\$ 0	\$ (134,800)	\$ 234,059	\$ (58,458)
<u>FUND BALANCE</u> - Beginning of Year	1,128,447	1,128,447	1,302,489	1,360,947
<u>FUND BALANCE</u> - End of Year	\$ 1,128,447	\$ 993,647	\$ 1,536,548	\$ 1,302,489

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

<u>REVENUES</u>	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Taxes			
Property Tax	\$ 3,320,000	\$ 3,420,000	\$ 3,533,078
Industrial Facilities Tax	196,000	196,000	170,178
Refund of Previously Captured TIFA Revenue	0	0	166,128
Property Tax Administration Fee	112,000	132,000	132,143
Trailer Park Fees	2,500	2,500	2,276
Penalties and Interest	46,000	46,000	37,604
Payments in Lieu of Tax			
Housing Commission	59,000	73,000	72,629
Community Antenna Television	40,000	40,000	74,226
Total Taxes	<u>\$ 3,775,500</u>	<u>\$ 3,909,500</u>	<u>\$ 4,188,262</u>
Licenses and Permits			
Business Licenses	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,345</u>
Federal Grants			
Homeland Security	\$ 0	\$ 41,000	\$ 10,800
Community Development Block Grants	0	5,400	34,800
Total Federal Grants	<u>\$ 0</u>	<u>\$ 46,400</u>	<u>\$ 45,600</u>
State Grants			
Sales and Use Tax	\$ 981,000	\$ 1,018,000	\$ 1,054,354
Telecommunications Right of Way Maintenance	19,600	35,600	32,431
Voting Machines	0	0	38,853
Liquor Licenses	7,500	7,900	7,944
MJTC Grant	3,700	3,700	3,748
Total State Grants	<u>\$ 1,011,800</u>	<u>\$ 1,065,200</u>	<u>\$ 1,137,330</u>
Contributions from Local Units			
Fire Protection	\$ 135,000	\$ 155,000	\$ 152,106
Cadillac Area Public Schools - Youth Services Officer	48,400	48,400	38,771
Total Contributions from Local Units	<u>\$ 183,400</u>	<u>\$ 203,400</u>	<u>\$ 190,877</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Charges for Services			
Northflight Ambulance	\$ 50,000	\$ 50,000	\$ 49,083
Zoning Fees	6,000	6,000	4,234
Exemption Certificate Fees	1,200	1,700	2,000
Police Charges	3,600	5,600	5,686
Rental Housing Ordinance Fees	5,500	5,500	4,615
Engineering Fees	70,000	50,000	41,113
Solid Waste Collection	394,400	449,400	490,392
Sale of Maps and Ordinances	600	1,300	1,357
Administration	354,000	354,000	354,000
Miscellaneous	5,000	3,000	1,722
Total Charges for Services	<u>\$ 890,300</u>	<u>\$ 926,500</u>	<u>\$ 954,202</u>
Fines and Forfeits			
Violation Bureau and Ordinance Fines	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 28,110</u>
Interest and Rents			
Interest	\$ 45,000	\$ 45,000	\$ 57,895
Land and Building Rental	2,400	2,400	906
Total Interest and Rents	<u>\$ 47,400</u>	<u>\$ 47,400</u>	<u>\$ 58,801</u>
Other Revenue			
Contributions and Donations from Private Sources	\$ 5,000	\$ 6,000	\$ 11,196
Reimbursements - Housing Commission	230,000	230,000	218,546
Sale of Property and Equipment	10,000	10,000	30,913
Miscellaneous (Refunds and Rebates)	6,900	6,900	11,141
Total Other Revenue	<u>\$ 251,900</u>	<u>\$ 252,900</u>	<u>\$ 271,796</u>
TOTAL REVENUES	<u><u>\$ 6,197,800</u></u>	<u><u>\$ 6,488,800</u></u>	<u><u>\$ 6,876,323</u></u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		
	ORIGINAL	FINAL	ACTUAL
<u>GENERAL GOVERNMENT</u>			
Legislative			
Personal Services	\$ 14,300	\$ 14,300	\$ 14,589
Employee Benefits	1,200	1,200	1,152
Office Supplies	1,800	1,800	560
Dues and Publications	10,000	10,000	8,069
Travel and Education	15,000	15,000	14,778
Ordinances and Proceedings	4,300	4,300	4,340
	<u>\$ 46,600</u>	<u>\$ 46,600</u>	<u>\$ 43,488</u>
City Manager			
Personal Services	\$ 120,000	\$ 120,500	\$ 122,510
Employee Benefits	31,000	30,100	28,899
Office Supplies	1,800	1,800	757
Postage	300	300	118
Data Processing	3,200	3,200	3,200
Dues and Publications	2,500	2,800	2,911
Telephone	1,500	1,500	525
Travel and Education	7,400	7,400	5,467
Vehicle Lease	4,400	5,400	5,239
	<u>\$ 172,100</u>	<u>\$ 173,000</u>	<u>\$ 169,626</u>
Assistant City Manager			
Personal Services	\$ 42,000	\$ 45,000	\$ 47,838
Employee Benefits	13,000	13,800	13,903
Office Supplies	2,000	2,000	2,909
Postage	600	600	662
Contractual Services	40,000	40,000	43,013
Data Processing	3,200	3,200	3,200
Dues and Publications	1,700	2,000	2,340
Telephone	500	500	533
Travel and Education	2,000	2,000	1,855
Suggestion Award Program	500	500	233
	<u>\$ 105,500</u>	<u>\$ 109,600</u>	<u>\$ 116,486</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Finance			
Personal Services	\$ 120,000	\$ 120,000	\$ 120,994
Employee Benefits	36,400	45,900	45,768
Office Supplies	14,000	12,000	12,292
Postage	2,300	1,300	1,464
Audit	13,000	10,500	10,110
Data Processing	16,000	16,000	16,000
Dues and Publications	6,000	8,500	8,591
Telephone	1,000	1,500	2,138
Travel and Education	7,000	8,000	8,432
	<u>\$ 215,700</u>	<u>\$ 223,700</u>	<u>\$ 225,789</u>
Assessor			
Personal Services	\$ 0	\$ 0	\$ 516
Employee Benefits	0	0	39
Office Supplies	600	1,000	874
Postage	3,200	3,200	2,044
Contractual Services	30,000	22,500	13,953
Wexford County Contract	90,000	97,500	97,329
Data Processing	46,400	46,400	46,400
Board of Review	800	800	301
	<u>\$ 171,000</u>	<u>\$ 171,400</u>	<u>\$ 161,456</u>
City Clerk/Treasurer			
Personal Services	\$ 130,000	\$ 130,000	\$ 131,648
Employee Benefits	75,200	78,200	64,878
Office Supplies	1,800	1,800	1,962
Postage	4,700	7,000	4,304
Data Processing	39,000	39,000	39,000
Dues and Publications	800	800	590
Telephone	100	100	0
Travel and Education	1,400	1,400	0
Bad Debt Expense	10,000	5,000	83
	<u>\$ 263,000</u>	<u>\$ 263,300</u>	<u>\$ 242,465</u>
Election			
Personal Services	\$ 2,500	\$ 2,500	\$ 1,608
Office Supplies	2,300	2,300	2,207
Capital Outlay	0	0	38,853
	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 42,668</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Building and Grounds			
Personal Services	\$ 38,000	\$ 38,000	\$ 30,990
Employee Benefits	18,200	13,200	10,098
Operating Supplies	14,200	14,200	14,281
Contractual Services	18,100	18,100	15,629
Service and Lease Contracts	13,100	13,100	9,467
Insurance	88,600	88,600	87,733
Utilities	93,000	81,800	76,045
Repairs and Maintenance	17,000	30,000	33,409
Equipment Rental	5,800	5,800	6,336
Capital Outlay	25,200	28,200	45,477
Parking Lot	1,800	2,300	2,260
	<u>\$ 333,000</u>	<u>\$ 333,300</u>	<u>\$ 331,725</u>
Legal			
Office Supplies	\$ 1,000	\$ 1,800	\$ 1,800
Contractual Services	77,800	77,800	75,600
Travel and Education	700	1,200	957
	<u>\$ 79,500</u>	<u>\$ 80,800</u>	<u>\$ 78,357</u>
Engineer			
Personal Services	\$ 110,000	\$ 98,000	\$ 79,146
Employee Benefits	43,300	43,300	36,441
Office Supplies	3,500	3,500	3,363
Postage	200	200	59
Contractual Services	7,000	9,000	7,288
Data Processing	16,000	16,000	16,000
Dues and Publications	700	700	377
Telephone	600	600	505
Travel and Education	300	300	299
Equipment Rental	2,600	2,600	1,744
	<u>\$ 184,200</u>	<u>\$ 174,200</u>	<u>\$ 145,222</u>
Total General Government	<u>\$ 1,575,400</u>	<u>\$ 1,580,700</u>	<u>\$ 1,557,282</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		
	ORIGINAL	FINAL	ACTUAL
PUBLIC SAFETY			
Police			
Personal Services			
Supervisory	\$ 142,000	\$ 90,000	\$ 87,709
Regular	620,000	672,000	697,623
Staff	76,000	74,000	67,778
Crossing Guards	12,000	10,000	8,174
Volunteers	5,500	5,500	4,163
Summer Patrol	21,000	15,000	17,982
Overtime	85,000	60,000	57,381
Employee Benefits	501,700	648,700	678,574
Office Supplies	8,300	8,300	9,043
Operating Supplies	42,700	39,200	42,935
Community Service Supplies	1,500	900	287
Uniform Cleaning	9,500	9,500	9,500
Data Processing	50,000	50,000	50,000
Dues and Publications	2,000	2,200	2,096
Radio and Equipment Maintenance	3,000	4,000	3,999
Telephone	5,000	5,800	5,538
Travel and Education	32,600	26,600	26,280
Car Allowance	3,000	22,500	0
Vehicle Repairs and Maintenance	27,000	12,500	22,066
Uniforms and Maintenance	12,500	12,300	13,122
Equipment Rental	23,500	4,000	11,636
Vehicle Lease	0	0	4,110
Copier Lease	3,500	3,500	3,280
Capital Outlay	33,500	67,300	48,927
	\$ 1,720,800	\$ 1,843,800	\$ 1,872,203
Fire			
Personal Services			
Supervisory	\$ 33,000	\$ 33,000	\$ 33,265
Regular	478,000	478,000	454,095
Volunteers	44,000	34,000	29,724
Overtime	112,000	112,000	110,151
Employee Benefits	375,000	432,000	416,594
Office Supplies	1,500	1,500	1,424
Operating Supplies	19,700	28,700	26,194

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Community Service Supplies	1,700	2,700	733
Uniform Cleaning	2,200	2,200	2,200
Subsistence Allowance	12,000	12,000	15,542
Data Processing	7,700	7,700	7,700
Dues and Publications	2,500	2,500	2,199
Radio and Equipment Maintenance	3,000	7,000	6,418
Telephone	1,200	1,200	1,063
Travel and Education	14,500	8,500	8,809
Vehicle Repairs and Maintenance	15,000	18,000	16,359
Uniforms and Maintenance	15,000	10,000	9,847
Vehicle Lease	0	4,000	4,220
Employee Safety	3,200	3,200	3,200
Capital Outlay	38,700	238,700	367,631
	<u>\$ 1,179,900</u>	<u>\$ 1,436,900</u>	<u>\$ 1,517,368</u>
Planning and Zoning			
Personal Services	\$ 52,000	\$ 54,000	\$ 54,919
Employee Benefits	21,400	25,400	26,494
Office Supplies	2,100	2,100	551
Postage	600	600	176
Contractual Services	3,000	1,000	77
Data Processing	3,200	3,200	3,200
Dues and Publications	1,200	1,200	0
Telephone	400	500	537
Travel and Education	1,400	500	0
Publishing	500	1,100	1,547
Equipment Rental	900	700	67
Capital Outlay	0	900	862
	<u>\$ 86,700</u>	<u>\$ 91,200</u>	<u>\$ 88,430</u>
Total Public Safety	<u>\$ 2,987,400</u>	<u>\$ 3,371,900</u>	<u>\$ 3,478,001</u>

PUBLIC WORKS

Miscellaneous			
Personal Services	\$ 3,900	\$ 3,900	\$ 3,101
Employee Benefits	2,400	2,400	1,867
Street Lighting	87,600	85,600	89,448
Maintenance of Dam	1,600	2,000	1,820
Equipment Rental	10,200	12,200	11,583
Hydrant Rental	22,700	22,700	22,700

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Property Taxes	1,200	1,200	19
	\$ 129,600	\$ 130,000	\$ 130,538
Sidewalks and Alleys			
Personal Services	\$ 14,100	\$ 14,100	\$ 9,927
Employee Benefits	5,800	5,800	3,815
Operating Supplies	5,900	5,900	2,826
Contractual Services	10,000	10,000	9,838
Equipment Rental	22,200	22,200	12,738
	\$ 58,000	\$ 58,000	\$ 39,144
Leaves			
Personal Services	\$ 6,600	\$ 6,600	\$ 3,996
Employee Benefits	3,300	3,300	2,107
Equipment Rental	37,500	37,500	24,135
	\$ 47,400	\$ 47,400	\$ 30,238
Grass and Weed Control			
Personal Services	\$ 7,500	\$ 7,500	\$ 8,298
Employee Benefits	3,200	4,600	4,310
Equipment Rental	25,000	24,000	30,334
	\$ 35,700	\$ 36,100	\$ 42,942
Composting			
Personal Services	\$ 5,100	\$ 5,100	\$ 4,369
Employee Benefits	3,000	3,100	2,239
Equipment Rental	3,100	3,100	1,958
	\$ 11,200	\$ 11,300	\$ 8,566
Waste Removal			
Personal Services	\$ 200	\$ 200	\$ 0
Employee Benefits	600	600	0
Operating Supplies	0	500	500
Removal Contract	380,000	380,000	457,157
County Landfill Fees	3,300	48,300	3,827
Equipment Rental	100	100	0
	\$ 384,200	\$ 429,700	\$ 461,484
Total Public Works	\$ 666,100	\$ 712,500	\$ 712,912
<u>CULTURE AND RECREATION</u>			
Arts Council			
Contractual Services	\$ 10,500	\$ 10,500	\$ 10,500

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Parks			
Personal Services	67,500	67,500	74,336
Employee Benefits	21,300	23,400	20,990
Operating Supplies	14,000	14,000	14,829
Contractual Services	3,500	3,500	1,691
Telephone	500	500	512
Travel and Education	200	200	72
Utilities	15,000	16,000	17,203
Repairs and Maintenance	18,100	21,100	25,474
Equipment Rental	12,400	15,400	11,313
Building Rental	1,100	1,100	0
Capital Outlay	44,600	43,500	40,606
	<u>\$ 198,200</u>	<u>\$ 206,200</u>	<u>\$ 207,026</u>
Total Culture and Recreation	<u>\$ 208,700</u>	<u>\$ 216,700</u>	<u>\$ 217,526</u>

ECONOMIC DEVELOPMENT AND ASSISTANCE

Community Promotions			
Personal Services	\$ 10,400	\$ 10,400	\$ 6,829
Employee Benefits	6,500	6,500	3,289
Operating Supplies	1,500	1,800	1,830
Newsletter	4,000	4,000	3,301
Contractual Services	4,500	4,500	14,415
Utilities	1,900	1,900	1,634
Equipment Rental	7,000	6,700	6,245
Special Projects	0	600	600
Chamber of Commerce	1,000	1,000	1,000
	<u>\$ 36,800</u>	<u>\$ 37,400</u>	<u>\$ 39,143</u>
Total Economic Development and Assistance	<u>\$ 36,800</u>	<u>\$ 37,400</u>	<u>\$ 39,143</u>

INTERGOVERNMENTAL EXPENDITURES

Recreation			
Cadillac Community Schools Recreation Program	\$ 66,200	\$ 66,200	\$ 66,200
Wexford County Swimmers' Itch Control Program	3,500	37,000	0
Housing			
Cadillac Housing Commission	230,000	230,000	216,239

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Airport			
Wexford County Airport Authority	31,800	31,800	33,525
Clam Lake Township	900	900	784
Total Intergovernmental Expenditures	\$ 332,400	\$ 365,900	\$ 316,748
TOTAL EXPENDITURES	<u>\$ 5,806,800</u>	<u>\$ 6,285,100</u>	<u>\$ 6,321,612</u>
 <u>OTHER FINANCING USES</u>			
Transfers Out			
Sick and Vacation Funding	\$ 52,500	\$ 0	\$ 0
Local Street Fund	276,500	276,500	276,500
Milfoil Eradication Fund	0	0	44,152
Policemen and Firemen Retirement Fund	62,000	62,000	0
	<u>\$ 391,000</u>	<u>\$ 338,500</u>	<u>\$ 320,652</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 54,896	\$ 89,615
Investments	0	457,164
Receivables		
Accrued Interest	0	7,995
Due from Other Funds	189,367	0
Due from Other Governments	103,331	97,716
Prepaid Expenditures	1,102	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 348,696	\$ 652,490
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 756	\$ 14,153
Accrued Expenditures	3,316	6,720
Due to Other Funds	17,244	199,986
	<hr/>	<hr/>
Total Liabilities	\$ 21,316	\$ 220,859
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 1,102	\$ 0
Unreserved		
Designated for Street Improvements	326,278	431,631
	<hr/>	<hr/>
Total Fund Balance	\$ 327,380	\$ 431,631
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 348,696	\$ 652,490
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>2006</u>	<u>2005</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Federal Grants				
Community Development Block Grant	\$ 882,600	\$ 882,600	\$ 222,746	\$ 413,982
State Grants				
MDOT - Street Improvements	0	0	63,804	0
DTE Tree Planting Grant	0	2,000	1,826	0
Motor Vehicle Highway Fund (Act 51)	535,000	535,000	532,066	543,405
State Trunkline Maintenance	104,500	104,500	126,822	117,561
Contributions from Local Units				
D.D.A. Capital Projects	0	0	1,797	79,259
Interest and Rents				
Interest	3,000	13,000	12,626	12,239
Other Revenue				
Refunds and Rebates	0	0	0	2,467
Total Revenues	\$ 1,525,100	\$ 1,537,100	\$ 961,687	\$ 1,168,913
<u>EXPENDITURES</u>				
Major Streets				
Construction - Streets	\$ 1,052,600	\$ 1,052,600	\$ 433,754	\$ 750,155
Surface Maintenance				
Personal Services	\$ 15,200	\$ 15,200	\$ 13,507	\$ 12,803
Employee Benefits	8,500	8,500	6,467	5,070
Materials	11,000	9,000	7,887	8,040
Equipment Rental	14,400	16,400	15,888	14,041
	\$ 49,100	\$ 49,100	\$ 43,749	\$ 39,954
Sweeping and Flushing				
Personal Services	\$ 4,100	\$ 4,100	\$ 3,757	\$ 2,423
Employee Benefits	2,400	2,400	1,960	1,145
Equipment Rental	24,400	24,400	22,822	14,967
	\$ 30,900	\$ 30,900	\$ 28,539	\$ 18,535

CITY OF CADILLAC, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	BUDGET		2006	2005
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Forestry				
Personal Services	\$ 12,300	\$ 12,300	\$ 11,656	\$ 7,835
Employee Benefits	6,900	6,900	5,926	3,707
Materials	3,000	3,000	6,289	2,597
Contractual Services	1,500	1,500	2,965	700
Travel and Education	800	800	451	642
Repairs and Maintenance	300	300	22	0
Equipment Rental	23,300	23,300	24,192	9,611
	<u>\$ 48,100</u>	<u>\$ 48,100</u>	<u>\$ 51,501</u>	<u>\$ 25,092</u>
Catch Basins				
Personal Services	\$ 7,700	\$ 7,700	\$ 3,535	\$ 4,831
Employee Benefits	4,400	4,400	1,615	1,937
Materials	3,000	3,000	1,391	1,188
Contractual Services	2,600	2,700	2,639	0
Equipment Rental	10,200	10,100	4,031	12,422
	<u>\$ 27,900</u>	<u>\$ 27,900</u>	<u>\$ 13,211</u>	<u>\$ 20,378</u>
Drainage				
Personal Services	\$ 5,400	\$ 5,400	\$ 4,970	\$ 4,951
Employee Benefits	3,200	3,200	2,387	3,483
Materials	100	100	192	31
Equipment Rental	2,600	2,600	2,022	1,600
	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 9,571</u>	<u>\$ 10,065</u>
Traffic Services				
Personal Services	\$ 12,300	\$ 12,300	\$ 8,688	\$ 14,615
Employee Benefits	7,000	7,000	4,512	6,881
Materials	15,200	15,200	16,799	10,479
Equipment Rental	6,600	6,600	9,428	9,142
Contractual Services	21,000	14,800	5,642	16,008
	<u>\$ 62,100</u>	<u>\$ 55,900</u>	<u>\$ 45,069</u>	<u>\$ 57,125</u>
Winter Maintenance				
Personal Services	\$ 19,900	\$ 21,900	\$ 21,294	\$ 17,550
Employee Benefits	11,100	11,300	10,056	11,928
Materials	15,900	15,900	13,046	12,320
Equipment Rental	46,500	50,500	50,321	46,880
	<u>\$ 93,400</u>	<u>\$ 99,600</u>	<u>\$ 94,717</u>	<u>\$ 88,678</u>

CITY OF CADILLAC, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	BUDGET		2006	2005
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Administration				
Personal Services	\$ 44,000	\$ 44,000	\$ 44,603	\$ 39,534
Employee Benefits	16,400	20,400	16,825	12,982
Audit	1,900	1,900	1,800	1,800
Data Processing	17,000	17,000	17,000	15,300
Travel and Education	1,600	1,600	352	201
Equipment Rental	5,900	5,900	6,526	6,671
Administrative	38,000	38,000	38,000	32,900
	<u>\$ 124,800</u>	<u>\$ 128,800</u>	<u>\$ 125,106</u>	<u>\$ 109,388</u>
State Trunkline Maintenance				
Surface Maintenance				
Personal Services	\$ 900	\$ 1,900	\$ 1,972	\$ 2,412
Employee Benefits	600	1,600	1,108	953
Materials	100	900	1,254	2,119
Equipment Rental	400	2,200	2,332	2,871
	<u>\$ 2,000</u>	<u>\$ 6,600</u>	<u>\$ 6,666</u>	<u>\$ 8,355</u>
Sweeping and Flushing				
Personal Services	\$ 400	\$ 1,100	\$ 874	\$ 410
Employee Benefits	700	900	391	229
Equipment Rental	2,400	2,400	3,237	2,237
	<u>\$ 3,500</u>	<u>\$ 4,400</u>	<u>\$ 4,502</u>	<u>\$ 2,876</u>
Winter Maintenance				
Personal Services	\$ 15,000	\$ 14,000	\$ 13,998	\$ 13,306
Employee Benefits	8,300	8,100	6,642	8,573
Materials	17,000	15,000	14,511	14,910
Equipment Rental	32,500	29,100	28,724	28,030
	<u>\$ 72,800</u>	<u>\$ 66,200</u>	<u>\$ 63,875</u>	<u>\$ 64,819</u>
Traffic Signals				
Utilities	\$ 7,100	\$ 7,100	\$ 6,399	\$ 6,307
Trees & Shrubs				
Personal Services	\$ 0	\$ 1,800	\$ 1,770	\$ 218
Employee Benefits	0	1,500	887	193
Equipment Rental	0	4,000	2,482	274
	<u>\$ 0</u>	<u>\$ 7,300</u>	<u>\$ 5,139</u>	<u>\$ 685</u>

CITY OF CADILLAC, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	BUDGET		2006	2005
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Drainage				
Personal Services	\$ 3,000	\$ 3,000	\$ 840	\$ 312
Employee Benefits	1,800	1,800	278	37
Materials	500	500	2,398	0
Repairs and Maintenance	500	500	0	0
Equipment Rental	100	3,100	2,560	9
Contractual Services	1,000	3,000	0	0
	<u>\$ 6,900</u>	<u>\$ 11,900</u>	<u>\$ 6,076</u>	<u>\$ 358</u>
Snow Hauling				
Personal Services	\$ 4,100	\$ 4,100	\$ 3,510	\$ 2,752
Employee Benefits	2,400	2,400	1,652	2,208
Equipment Rental	5,700	6,900	6,802	5,610
	<u>\$ 12,200</u>	<u>\$ 13,400</u>	<u>\$ 11,964</u>	<u>\$ 10,570</u>
Debt Service				
Bond Issuance Costs	\$ 0	\$ 0	\$ 0	\$ 5,887
	<u>\$ 1,604,700</u>	<u>\$ 1,621,100</u>	<u>\$ 949,838</u>	<u>\$ 1,219,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (79,600)</u>	<u>\$ (84,000)</u>	<u>\$ 11,849</u>	<u>\$ (50,314)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 288,550
Transfers In (Out)				
1990 Michigan Transportation Fund Debt Retirement Fund	0	0	0	(35,932)
Local Street Fund	(66,900)	(97,000)	(97,000)	(97,000)
2004 Capital Improvement Bonds Debt Retirement Fund	(19,100)	(19,100)	(19,100)	(2,846)
	<u>\$ (86,000)</u>	<u>\$ (116,100)</u>	<u>\$ (116,100)</u>	<u>\$ 152,772</u>
Net Other Financing Sources (Uses)	<u>\$ (86,000)</u>	<u>\$ (116,100)</u>	<u>\$ (104,251)</u>	<u>\$ 102,458</u>
Net Change in Fund Balance	<u>\$ (165,600)</u>	<u>\$ (200,100)</u>	<u>\$ (104,251)</u>	<u>\$ 102,458</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>507,972</u>	<u>507,972</u>	<u>431,631</u>	<u>329,173</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 342,372</u>	<u>\$ 307,872</u>	<u>\$ 327,380</u>	<u>\$ 431,631</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 59,110	\$ 98,834
Investments	5,070	327,084
Receivables		
Accrued Interest	0	3,903
Due from Other Funds	17,212	9,577
Due from Other Governments	32,931	32,667
Prepaid Expenditures	1,018	0
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 115,341</u>	<u>\$ 472,065</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 62	\$ 2,929
Accrued Expenditures	4,781	3,930
Due to Other Funds	100	71,004
	<hr/>	<hr/>
Total Liabilities	<u>\$ 4,943</u>	<u>\$ 77,863</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 1,018	\$ 0
Unreserved		
Designated for Street Improvements	109,380	394,202
	<hr/>	<hr/>
Total Fund Balance	<u>\$ 110,398</u>	<u>\$ 394,202</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 115,341</u></u>	<u><u>\$ 472,065</u></u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>2006</u>	<u>2005</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
State Grants				
Street Improvements	\$ 360,000	\$ 360,000	\$ 0	\$ 0
DTE Tree Planting Grant	0	0	1,111	948
Motor Vehicle Highway Fund (Act 51)	209,000	209,000	199,439	201,924
Interest and Rents				
Interest	0	10,000	8,706	6,360
Total Revenues	<u>\$ 569,000</u>	<u>\$ 579,000</u>	<u>\$ 209,256</u>	<u>\$ 209,232</u>
<u>EXPENDITURES</u>				
Street Construction				
Contractual Services	<u>\$ 656,000</u>	<u>\$ 626,000</u>	<u>\$ 190,197</u>	<u>\$ 344,895</u>
Surface Maintenance				
Personal Services	\$ 18,600	\$ 18,600	\$ 15,423	\$ 18,549
Employee Benefits	10,200	10,200	7,779	10,455
Materials	17,800	8,800	9,448	14,027
Equipment Rental	20,500	18,000	19,880	23,921
	<u>\$ 67,100</u>	<u>\$ 55,600</u>	<u>\$ 52,530</u>	<u>\$ 66,952</u>
Sweeping and Flushing				
Personal Services	\$ 6,900	\$ 6,900	\$ 6,022	\$ 6,921
Employee Benefits	3,900	3,900	3,183	3,321
Equipment Rental	43,900	31,400	37,082	42,624
	<u>\$ 54,700</u>	<u>\$ 42,200</u>	<u>\$ 46,287</u>	<u>\$ 52,866</u>
Forestry				
Personal Services	\$ 28,500	\$ 30,500	\$ 31,727	\$ 23,460
Employee Benefits	15,700	17,100	15,976	14,264
Materials	5,000	5,000	3,112	4,675
Contractual Services	1,800	1,800	3,000	3,700
Equipment Rental	47,500	44,100	47,950	24,590
	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 101,765</u>	<u>\$ 70,689</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>2006</u>	<u>2005</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Catch Basins				
Personal Services	\$ 18,200	\$ 18,200	\$ 13,544	\$ 22,168
Employee Benefits	10,100	10,100	3,981	8,355
Materials	1,000	1,000	7	178
Contractual Services	6,000	16,000	15,557	5,351
Utilities	400	600	571	391
Equipment Rental	29,100	28,900	21,110	34,361
	<u>\$ 64,800</u>	<u>\$ 74,800</u>	<u>\$ 54,770</u>	<u>\$ 70,804</u>
Drainage				
Personal Services	\$ 9,900	\$ 9,900	\$ 7,021	\$ 6,099
Employee Benefits	5,600	5,600	3,489	3,958
Materials	300	300	0	0
Equipment Rental	4,300	4,300	2,767	3,016
	<u>\$ 20,100</u>	<u>\$ 20,100</u>	<u>\$ 13,277</u>	<u>\$ 13,073</u>
Traffic Services				
Personal Services	\$ 11,100	\$ 11,100	\$ 8,824	\$ 7,161
Employee Benefits	6,100	6,100	3,951	4,671
Materials	2,500	2,600	3,044	1,544
Contractual Services	500	500	0	0
Equipment Rental	6,000	5,900	3,901	3,066
	<u>\$ 26,200</u>	<u>\$ 26,200</u>	<u>\$ 19,720</u>	<u>\$ 16,442</u>
Winter Maintenance				
Personal Services	\$ 15,300	\$ 16,800	\$ 16,534	\$ 14,417
Employee Benefits	8,500	9,000	8,001	8,378
Materials	11,300	11,300	9,057	8,413
Equipment Rental	59,400	71,400	50,002	42,803
	<u>\$ 94,500</u>	<u>\$ 108,500</u>	<u>\$ 83,594</u>	<u>\$ 74,011</u>
Administration				
Personal Services	\$ 40,000	\$ 40,000	\$ 39,992	\$ 35,497
Employee Benefits	14,900	17,900	14,783	11,270
Audit	1,800	1,800	1,650	1,650
Data Processing	14,000	14,000	14,000	11,600
Equipment Rental	6,000	6,000	6,870	6,505
Administrative	35,100	35,100	35,100	28,600
	<u>\$ 111,800</u>	<u>\$ 114,800</u>	<u>\$ 112,395</u>	<u>\$ 95,122</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>2006</u>	<u>2005</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Debt Service				
Principal	\$ 0	\$ 0	\$ 26,111	\$ 0
Interest	54,200	52,400	7,914	3,525
Bond Issuance Costs	0	0	0	14,450
	<u>\$ 54,200</u>	<u>\$ 52,400</u>	<u>\$ 34,025</u>	<u>\$ 17,975</u>
 Total Expenditures	 \$ 1,247,900	 \$ 1,219,100	 \$ 708,560	 \$ 822,829
 Excess (Deficiency) of Revenues Over Expenditures	 \$ (678,900)	 \$ (640,100)	 \$ (499,304)	 \$ (613,597)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 706,450
Transfers In (Out)				
General Fund	276,500	276,500	276,500	296,500
Capital Projects Trust Fund	36,000	16,000	0	0
Major Street Fund	66,900	97,000	97,000	97,000
1997 Michigan Transportation Fund				
Debt Retirement Fund	(10,000)	(13,000)	(13,000)	(13,800)
1996 Michigan Transportation Fund				
Debt Retirement Fund	(20,000)	(27,600)	(27,100)	(23,400)
1993 Michigan Transportation Fund				
Debt Retirement Fund	(20,000)	0	(19,103)	(21,610)
2000 Michigan Transportation Fund				
Debt Retirement Fund	(15,000)	(29,300)	(28,897)	(30,000)
2004 Capital Improvement Bonds				
Debt Retirement Fund	(43,500)	(69,900)	(69,900)	(6,968)
	<u>\$ 270,900</u>	<u>\$ 249,700</u>	<u>\$ 215,500</u>	<u>\$ 1,004,172</u>
 Net Other Financing Sources (Uses)	 \$ 270,900	 \$ 249,700	 \$ 215,500	 \$ 1,004,172
 Net Change In Fund Balance	 \$ (408,000)	 \$ (390,400)	 \$ (283,804)	 \$ 390,575
 <u>FUND BALANCE</u> - Beginning of Year	 408,549	 408,549	 394,202	 3,627
 <u>FUND BALANCE</u> - End of Year	 \$ 549	 \$ 18,149	 \$ 110,398	 \$ 394,202

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 183,964	\$ 25,328
Receivables		
Accrued Interest	20,653	19,982
Special Assessments - Current	48,177	42,265
Special Assessments - Deferred	317,309	310,358
Due from Other Funds	11,855	326,956
Due from Other Governments	31,757	2,511
	<hr/>	<hr/>
TOTAL ASSETS	\$ 613,715	\$ 727,400
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 69,212	\$ 131,372
Due to Other Funds	189,367	249,471
Deferred Revenues	317,309	310,358
	<hr/>	<hr/>
Total Liabilities	\$ 575,888	\$ 691,201
<u>FUND BALANCE</u>		
Reserved for Special Assessment Project Construction	37,827	36,199
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 613,715	\$ 727,400
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Taxes and Special Assessments		
Special Assessments	\$ 88,132	\$ 82,832
Interest and Rents		
Interest on Assessments	20,653	20,662
Interest on Investments	2,263	266
Total Revenues	<u>\$ 111,048</u>	<u>\$ 103,760</u>
<u>EXPENDITURES</u>		
Capital Outlay		
Audit	\$ 2,000	\$ 2,400
Office Supplies	0	43
Public Improvements	94,523	111,473
Debt Service		
Principal Retirement	11,250	44,904
Interest and Fiscal Charges	1,647	3,395
Total Expenditures	<u>\$ 109,420</u>	<u>\$ 162,215</u>
Excess (Deficiency) of		
Revenues Over Expenditures	<u>\$ 1,628</u>	<u>\$ (58,455)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In - 1998 Special Assessment Debt Retirement Fund	<u>\$ 0</u>	<u>\$ 77,759</u>
Net Change in Fund Balance	\$ 1,628	\$ 19,304
<u>FUND BALANCE - Beginning of Year</u>	<u>36,199</u>	<u>16,895</u>
<u>FUND BALANCE - End of Year</u>	<u><u>\$ 37,827</u></u>	<u><u>\$ 36,199</u></u>

MAJOR PROPRIETARY FUNDS

WATER AND SEWER FUND

The Water and Sewer Fund records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant.

BUILDING AUTHORITY OPERATING FUND

The Building Authority Operating Fund was established to account for the rental of the DEQ building.

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 125,457	\$ 724,393
Investments	1,204,024	565,211
Receivables		
Accounts	411,074	252,486
Unbilled Services	271,792	292,508
Accrued Interest	24,725	32,617
Cylinder Deposits	10,500	10,500
Due from Other Funds	7,832	238,725
Due from Other Governments	0	7,048
Inventory, At Cost	193,349	191,267
Prepaid Expense	52,734	0
	<hr/>	<hr/>
Total Current Assets	\$ 2,301,487	\$ 2,314,755
	<hr/>	<hr/>
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve Account	\$ 1,365,571	\$ 1,375,543
Bond Replacement Account	423,062	416,478
	<hr/>	<hr/>
Total Restricted Assets	\$ 1,788,633	\$ 1,792,021
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land and Land Improvements	\$ 124,058	\$ 124,058
Buildings	930,747	930,747
Improvements Other than Buildings	27,829,925	27,375,834
Machinery and Equipment	1,120,641	1,061,121
Construction Work in Progress	137,701	114,984
	<hr/>	<hr/>
	\$ 30,143,072	\$ 29,606,744
Less Accumulated Depreciation	12,461,063	11,718,471
Net Capital Assets	<hr/>	<hr/>
	\$ 17,682,009	\$ 17,888,273
	<hr/>	<hr/>
<u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	\$ 83,940	\$ 97,767
	<hr/>	<hr/>
Total Noncurrent Assets	\$ 19,554,582	\$ 19,778,061
	<hr/>	<hr/>
TOTAL ASSETS	\$ 21,856,069	\$ 22,092,816
	<hr/>	<hr/>

	2006	2005
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 72,419	\$ 84,713
Accrued Interest	118,895	124,811
Other Accrued Expenses	180,250	194,328
Due to Other Funds	46,300	132,974
Due to Other Governments	1,199	2,035
Utility Deposits	2,270	2,289
Current Portion of Revenue Bonds	365,000	350,000
Total Current Liabilities	\$ 786,333	\$ 891,150
<u>LONG-TERM LIABILITIES</u>		
1993 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	\$ 214,294	\$ 412,499
1995 Revenue Bonds	95,000	185,000
1999 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	1,420,361	1,477,394
2001 Revenue Bonds (Net of Deferred Refunding Amount)	5,096,732	5,097,413
Total Long-Term Liabilities	\$ 6,826,387	\$ 7,172,306
TOTAL LIABILITIES	\$ 7,612,720	\$ 8,063,456
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 10,490,622	\$ 10,365,967
Restricted for Debt Service	1,788,633	1,792,021
Unrestricted	1,964,094	1,871,372
TOTAL NET ASSETS	\$ 14,243,349	\$ 14,029,360

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2006	2005
<u>OPERATING REVENUES</u>		
Sewer Charges to Customers	\$ 2,087,948	\$ 2,060,760
Water Charges to Customers	1,067,273	1,045,875
Fire Protection	88,975	70,534
Hydrant Rental	15,133	22,538
Sales of Services and Materials	410,447	195,374
Total Operating Revenues	<u>\$ 3,669,776</u>	<u>\$ 3,395,081</u>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 783,118	\$ 742,774
Contractual Services	554,500	448,638
Supplies	336,687	239,629
Heat, Light and Power	280,570	260,337
Depreciation and Amortization	802,444	782,718
Employee Benefits	306,820	403,630
Administrative	198,100	189,073
Total Operating Expenses	<u>\$ 3,262,239</u>	<u>\$ 3,066,799</u>
Operating Income	<u>\$ 407,537</u>	<u>\$ 328,282</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 106,827	\$ 85,156
Interest and Fiscal Charges	(376,823)	(450,120)
Community Development Block Program Grant	76,448	0
State Wellhead Protection Grant	0	13,681
Total Nonoperating Revenues (Expenses)	<u>\$ (193,548)</u>	<u>\$ (351,283)</u>
Income (Loss)	<u>\$ 213,989</u>	<u>\$ (23,001)</u>
<u>TOTAL NET ASSETS - Beginning of Year</u>	<u>14,029,360</u>	<u>14,052,361</u>
<u>TOTAL NET ASSETS - End of Year</u>	<u>\$ 14,243,349</u>	<u>\$ 14,029,360</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,777,737	\$ 3,321,125
Cash Payments to Suppliers for Goods and Services	(1,524,496)	(1,625,690)
Cash Payments to Employees for Services	(1,104,016)	(717,741)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 1,149,225	\$ 977,694
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (536,328)	\$ (470,867)
Grant Proceeds	76,448	26,860
Refund of Bond Issuance Costs	0	53,093
Principal Paid	(350,000)	(335,000)
Interest Paid	(382,739)	(437,612)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (1,192,619)	\$ (1,163,526)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 106,827	\$ 87,056
Purchase of Investment Securities	(844,812)	(1,168,889)
Proceeds from Sale and Maturities of Investment Securities	182,443	1,855,905
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ (555,542)	\$ 774,072
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (598,936)	\$ 588,240
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<hr/> 724,393	<hr/> 136,153
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<hr/> \$ 125,457	<hr/> \$ 724,393

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 407,537	\$ 328,282
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation and Amortization	\$ 802,444	\$ 782,718
(Increase) Decrease in Current Assets		
Accounts Receivable	(129,980)	(75,707)
Due from Other Funds	230,893	(180,885)
Due from Other Governments-Operating	7,048	3,859
Inventory	(2,082)	(10,295)
Prepaid Expense	(52,734)	11,402
Increase (Decrease) in Current Liabilities		
Accounts Payable	(12,294)	29,553
Other Accrued Expenses	(14,078)	25,033
Due to Other Funds	(86,674)	61,225
Due to Other Governments	(836)	2,035
Utility Deposits	(19)	474
Total Adjustments	\$ 741,688	\$ 649,412
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,149,225</u>	<u>\$ 977,694</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>ADMINISTRATIVE</u>			
Personal Services	\$ 365,000	\$ 409,312	\$ 332,891
Employee Benefits	177,000	179,544	203,488
Office Supplies	8,800	9,203	7,654
Postage	13,500	14,345	10,437
Safety Supplies	7,000	7,856	2,496
Property Taxes	7,100	7,087	7,017
Contractual Services	64,000	68,990	62,914
Engineering Fees	12,500	14,182	25,540
Legal Fees	5,000	128	254
Audit	4,800	4,800	4,800
State Mandated Fees	22,500	14,792	16,863
Data Processing	46,000	46,000	39,400
Bad Debt Expenses	2,500	0	0
Insurance	30,000	29,440	26,452
Dues and Publications	3,200	2,616	1,866
Repairs and Maintenance	1,000	681	331
Telephone	3,900	4,644	3,226
Alarm System	5,000	3,372	4,866
Travel and Education	9,000	8,043	11,608
Employee Safety	1,200	1,200	1,200
Public Relations	1,200	527	1,354
Administration	198,100	198,100	189,073
	<u>\$ 988,300</u>	<u>\$ 1,024,862</u>	<u>\$ 953,730</u>
<u>BUILDINGS AND WATER TANK</u>			
Personal Services	\$ 24,500	\$ 7,744	\$ 10,488
Employee Benefits	8,700	797	4,137
Operating Supplies	11,500	12,117	12,509
Repairs and Maintenance	2,000	361	2,730
	<u>\$ 46,700</u>	<u>\$ 21,019</u>	<u>\$ 29,864</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>GENERAL STREET EXPENSE</u>			
Personal Services	\$ 1,500	\$ 650	\$ 85
Employee Benefits	900	121	42
Operating Supplies	4,500	44,764	1,371
Contractual Services	12,500	11,231	7,583
	<u>\$ 19,400</u>	<u>\$ 56,766</u>	<u>\$ 9,081</u>
<u>METER READING AND COLLECTION</u>			
Personal Services	\$ 19,500	\$ 12,045	\$ 16,299
Employee Benefits	10,700	3,766	8,064
Operating Supplies	300	163	0
	<u>\$ 30,500</u>	<u>\$ 15,974</u>	<u>\$ 24,363</u>
<u>CUSTOMER SERVICES</u>			
Personal Services	\$ 8,100	\$ 8,132	\$ 9,562
Employee Benefits	3,800	2,711	4,730
	<u>\$ 11,900</u>	<u>\$ 10,843</u>	<u>\$ 14,292</u>
<u>PUMPING STATION</u>			
Personal Services	\$ 7,500	\$ 2,531	\$ 2,819
Employee Benefits	1,200	909	1,068
Operating Supplies	7,700	8,074	7,199
Chemicals	34,500	27,363	15,046
Laboratory Control	20,500	20,831	21,504
Utilities	98,000	102,154	100,535
Repairs and Maintenance	2,000	1,147	2,151
	<u>\$ 171,400</u>	<u>\$ 163,009</u>	<u>\$ 150,322</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>MAINTENANCE - MAINS AND HYDRANTS</u>			
Personal Services	\$ 63,500	\$ 53,559	\$ 66,513
Employee Benefits	31,600	21,913	32,905
Operating Supplies	27,500	45,466	28,515
Contractual Services	6,000	5,507	1,684
	<u>\$ 128,600</u>	<u>\$ 126,445</u>	<u>\$ 129,617</u>
<u>MAINTENANCE - SERVICE CONNECTIONS</u>			
Personal Services	\$ 6,200	\$ 836	\$ 4,542
Employee Benefits	3,200	418	2,247
Operating Supplies	6,800	2,739	4,045
Repairs and Maintenance	5,000	0	297
	<u>\$ 21,200</u>	<u>\$ 3,993</u>	<u>\$ 11,131</u>
<u>METER - OPERATIONS</u>			
Personal Services	\$ 80,000	\$ 63,617	\$ 80,226
Employee Benefits	38,700	25,696	39,689
Operating Supplies	17,000	15,805	22,759
	<u>\$ 135,700</u>	<u>\$ 105,118</u>	<u>\$ 142,674</u>
<u>WELLS AND WELL FIELDS</u>			
Personal Services	\$ 5,500	\$ 4,262	\$ 3,866
Employee Benefits	2,800	1,846	1,913
Operating Supplies	3,500	3,110	3,693
Contractual Services	37,500	31,933	37,846
Repairs and Maintenance	13,700	14,602	10,619
	<u>\$ 63,000</u>	<u>\$ 55,753</u>	<u>\$ 57,937</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>NEW SERVICES</u>			
Personal Services	\$ 4,500	\$ 556	\$ 4,394
Employee Benefits	2,400	360	2,174
Operating Supplies	16,800	12,568	28,586
Contractual Services	2,000	195	1,828
	<u>\$ 25,700</u>	<u>\$ 13,679</u>	<u>\$ 36,982</u>
<u>PRELIMINARY TREATMENT</u>			
Personal Services	\$ 8,500	\$ 7,108	\$ 9,721
Employee Benefits	4,300	2,847	4,921
Operating Supplies	700	61	52
Utilities	2,000	1,704	1,483
Repairs and Maintenance	4,100	4,231	1,438
	<u>\$ 19,600</u>	<u>\$ 15,951</u>	<u>\$ 17,615</u>
<u>PRIMARY TREATMENT</u>			
Personal Services	\$ 10,500	\$ 10,989	\$ 11,812
Employee Benefits	6,200	4,090	5,844
Operating Supplies	300	1	37
Repairs and Maintenance	500	418	3,753
	<u>\$ 17,500</u>	<u>\$ 15,498</u>	<u>\$ 21,446</u>
<u>SECONDARY TREATMENT</u>			
Personal Services	\$ 16,000	\$ 13,663	\$ 12,321
Employee Benefits	7,900	4,799	6,095
Operating Supplies	3,000	0	129
Utilities	37,500	42,588	37,075
Repairs and Maintenance	4,600	3,716	1,694
	<u>\$ 69,000</u>	<u>\$ 64,766</u>	<u>\$ 57,314</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>TERTIARY TREATMENT</u>			
Personal Services	\$ 14,500	\$ 12,344	\$ 11,706
Employee Benefits	7,200	4,153	5,791
Operating Supplies	4,000	4,160	3,063
Utilities	23,400	19,616	18,715
Repairs and Maintenance	12,000	9,432	7,328
	<u>\$ 61,100</u>	<u>\$ 49,705</u>	<u>\$ 46,603</u>
<u>SLUDGE TREATMENT AND DISPOSAL</u>			
Personal Services	\$ 27,000	\$ 27,464	\$ 22,828
Employee Benefits	13,400	9,987	11,293
Operating Supplies	3,600	2,832	1,190
Laboratory Control	5,400	6,928	4,893
Injection Contract Costs	91,000	113,713	27,220
Utilities	8,200	8,518	5,755
Repairs and Maintenance	8,000	8,446	5,459
	<u>\$ 156,600</u>	<u>\$ 177,888</u>	<u>\$ 78,638</u>
<u>NUTRIENT REMOVAL</u>			
Personal Services	\$ 8,500	\$ 8,258	\$ 7,460
Employee Benefits	4,300	2,837	3,690
Operating Supplies	2,900	2,251	67
Chemicals	34,500	39,484	20,071
Repairs and Maintenance	4,300	3,477	7,482
	<u>\$ 54,500</u>	<u>\$ 56,307</u>	<u>\$ 38,770</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>EFFLUENT DISPOSAL</u>			
Personal Services	\$ 18,000	\$ 10,649	\$ 9,994
Employee Benefits	8,900	4,301	4,944
Operating Supplies	2,500	0	3,307
Plant Lab Supplies	9,500	8,237	5,213
Chemicals	2,500	0	3,508
Laboratory Control	9,500	9,874	9,987
Utilities	7,500	8,542	4,344
Repairs and Maintenance	4,600	4,760	5,068
	<u>\$ 63,000</u>	<u>\$ 46,363</u>	<u>\$ 46,365</u>
<u>INDUSTRIAL SURVEILLANCE</u>			
Personal Services	\$ 14,500	\$ 10,656	\$ 13,580
Employee Benefits	7,200	4,241	6,718
Operating Supplies	3,500	514	1,348
Laboratory Control	3,500	1,455	5,631
Repairs and Maintenance	400	526	310
	<u>\$ 29,100</u>	<u>\$ 17,392</u>	<u>\$ 27,587</u>
<u>BUILDINGS AND GROUNDS</u>			
Personal Services	\$ 57,500	\$ 42,822	\$ 45,398
Employee Benefits	23,400	14,569	21,092
Operating Supplies	20,000	17,700	13,757
Utilities	61,500	68,041	62,857
Repairs and Maintenance	15,500	15,914	21,918
	<u>\$ 177,900</u>	<u>\$ 159,046</u>	<u>\$ 165,022</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>SANITARY SEWERS</u>			
Personal Services	\$ 34,000	\$ 32,708	\$ 20,603
Employee Benefits	19,400	7,476	10,193
Operating Supplies	8,400	11,881	6,394
Contractual Services	22,500	31,489	6,156
Repairs and Maintenance	1,000	737	536
	<u>\$ 85,300</u>	<u>\$ 84,291</u>	<u>\$ 43,882</u>
<u>LIFT STATIONS</u>			
Personal Services	\$ 21,500	\$ 15,852	\$ 16,361
Employee Benefits	10,700	5,612	8,094
Operating Supplies	5,500	3,149	4,151
Disposal Fees	1,600	1,530	1,166
Utilities	27,500	29,407	26,347
Repairs and Maintenance	17,000	17,882	14,683
	<u>\$ 83,800</u>	<u>\$ 73,432</u>	<u>\$ 70,802</u>
<u>VEHICLES - WATER</u>			
Personal Services	\$ 1,500	\$ 1,072	\$ 1,248
Employee Benefits	900	332	618
Operating Supplies	1,000	436	300
Fuel and Oil	3,900	4,829	3,681
Repairs and Maintenance	5,800	5,791	5,935
	<u>\$ 13,100</u>	<u>\$ 12,460</u>	<u>\$ 11,782</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>VEHICLES - DISTRIBUTION</u>			
Personal Services	\$ 500	\$ 0	\$ 0
Employee Benefits	500	0	0
Operating Supplies	1,000	660	765
Fuel and Oil	13,500	16,983	11,809
Repairs and Maintenance	13,500	10,674	18,845
	<u>\$ 29,000</u>	<u>\$ 28,317</u>	<u>\$ 31,419</u>
<u>LABORATORY</u>			
Personal Services	\$ 30,800	\$ 26,289	\$ 28,057
Employee Benefits	14,500	3,495	13,880
Operating Supplies	22,000	19,936	16,477
Repairs and Maintenance	11,500	9,943	6,247
Equipment Rental	1,600	1,255	881
Research and Development	2,000	0	1,301
	<u>\$ 82,400</u>	<u>\$ 60,918</u>	<u>\$ 66,843</u>
<u>OTHER EXPENSE</u>			
Depreciation and Amortization	<u>\$ 760,000</u>	<u>\$ 802,444</u>	<u>\$ 782,718</u>
 TOTAL OPERATING EXPENSES	 <u><u>\$ 3,344,300</u></u>	 <u><u>\$ 3,262,239</u></u>	 <u><u>\$ 3,066,799</u></u>

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 45,047	\$ 46,521
Investments	86,527	83,369
Receivables		
Interest	1,837	1,030
Prepaid Expense	1,331	0
	<hr/>	<hr/>
Total Current Assets	\$ 134,742	\$ 130,920
	<hr/>	<hr/>
<u>NONCURRENT ASSETS</u>		
<u>CAPITAL ASSETS</u>		
Land	\$ 90,445	\$ 90,445
Buildings	1,699,011	1,699,011
	<hr/>	<hr/>
	\$ 1,789,456	\$ 1,789,456
Less Accumulated Depreciation	356,792	322,812
	<hr/>	<hr/>
Net Capital Assets	\$ 1,432,664	\$ 1,466,644
	<hr/>	<hr/>
<u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	21,482	25,464
	<hr/>	<hr/>
Total Noncurrent Assets	\$ 1,454,146	\$ 1,492,108
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,588,888	\$ 1,623,028
	<hr/>	<hr/>

	2006	2005
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 552	\$ 4,541
Accrued Interest	13,094	14,485
Due to Other Funds	0	3,096
Current Portion of Revenue Bonds	100,000	95,000
Total Current Liabilities	\$ 113,646	\$ 117,122
<u>LONG-TERM LIABILITIES</u>		
1999 Revenue Refunding Bonds	1,080,000	1,180,000
TOTAL LIABILITIES	\$ 1,193,646	\$ 1,297,122
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 252,664	\$ 191,644
Unrestricted	142,578	134,262
TOTAL NET ASSETS	\$ 395,242	\$ 325,906

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Building Rental	\$ 195,870	\$ 195,870
<u>OPERATING EXPENSES</u>		
Contractual Services	\$ 25,157	\$ 29,322
Audit	900	0
Insurance	572	536
Building Maintenance	5,022	7,811
Utilities	2,286	2,627
Depreciation and Amortization	37,962	38,008
Administration	5,000	5,000
Total Operating Expenses	\$ 76,899	\$ 83,304
Operating Income (Loss)	\$ 118,971	\$ 112,566
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 4,882	\$ 3,276
Interest Expense	(54,517)	(59,703)
Total Nonoperating Revenues (Expenses)	\$ (49,635)	\$ (56,427)
Income (Loss)	\$ 69,336	\$ 56,139
<u>TOTAL NET ASSETS</u> - Beginning of Year	325,906	269,767
<u>TOTAL NET ASSETS</u> - End of Year	\$ 395,242	\$ 325,906

CITY OF CADILLAC, MICHIGAN

BUILDING AUTHORITY OPERATING FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 195,870	\$ 195,870
Cash Payments to Suppliers for Goods and Services	(47,353)	(41,198)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 148,517	\$ 154,672
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid	\$ (95,000)	\$ (90,000)
Interest Paid	(55,908)	(61,014)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (150,908)	\$ (151,014)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 4,075	\$ 3,947
Purchase of Investment Securities	(44,863)	(2,374)
Proceeds from Sale and Maturities of Investment Securities	41,705	40,105
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 917	\$ 41,678
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,474)	\$ 45,336
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	46,521	1,185
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 45,047	\$ 46,521
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN

BUILDING AUTHORITY OPERATING FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ 118,971</u>	<u>\$ 112,566</u>
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 37,962	\$ 38,008
(Increase) Decrease in Current Assets		
Prepaid Expense	(1,331)	1,425
Increase (Decrease) in Current Liabilities		
Accounts Payable	(3,989)	(423)
Due to Other Funds	<u>(3,096)</u>	<u>3,096</u>
Total Adjustments	<u>\$ 29,546</u>	<u>\$ 42,106</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 148,517</u></u>	<u><u>\$ 154,672</u></u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

JUNE 30, 2006

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<u>ASSETS</u>			
Cash	\$ 158,830	\$ 373,543	\$ 17,584
Investments	1,554,296	338,526	287,162
Receivables			
Accounts	1,000	0	0
Mortgages and Notes	292,295	0	0
Accrued Interest	16,472	24,861	2,940
Special Assessments			
Current	0	69,927	0
Deferred	0	261,201	0
Due from Other Funds	20,557	12,806	0
Due from Other Governments	0	30,647	0
Prepaid Expenditures	1,905	0	0
TOTAL ASSETS	<u>\$ 2,045,355</u>	<u>\$ 1,111,511</u>	<u>\$ 307,686</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 42,113	\$ 0	\$ 1,168
Bank Overdraft	545	0	0
Accrued Expenditures	2,951	0	0
Security Deposits Payable	1,086	0	0
Due to Other Funds	8,473	262,798	428
Deferred Revenues	256,071	261,201	0
Total Liabilities	<u>\$ 311,239</u>	<u>\$ 523,999</u>	<u>\$ 1,596</u>
<u>FUND BALANCE</u>			
Reserved	\$ 54,245	\$ 587,512	\$ 306,090
Unreserved			
Undesignated	1,679,871	0	0
Total Fund Balance	<u>\$ 1,734,116</u>	<u>\$ 587,512</u>	<u>\$ 306,090</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,045,355</u>	<u>\$ 1,111,511</u>	<u>\$ 307,686</u>

PERMANENT FUNDS	TOTALS
\$ 24,029	\$ 573,986
1,179,155	3,359,139
0	1,000
0	292,295
2,305	46,578
0	69,927
0	261,201
0	33,363
0	30,647
0	1,905
<u>\$ 1,205,489</u>	<u>\$ 4,670,041</u>

\$ 0	\$ 43,281
0	545
0	2,951
0	1,086
3,647	275,346
0	517,272
<u>\$ 3,647</u>	<u>\$ 840,481</u>

\$ 1,201,842	\$ 2,149,689
0	1,679,871
<u>\$ 1,201,842</u>	<u>\$ 3,829,560</u>
<u>\$ 1,205,489</u>	<u>\$ 4,670,041</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<u>REVENUES</u>			
Taxes and Special Assessments	\$ 0	\$ 76,900	\$ 0
Federal Grants	18,222	0	0
Contributions from Local Units	0	30,647	0
Charges for Services	132,444	0	0
Interest and Rents	102,180	30,168	12,796
Gain (Loss) on Investments	0	0	0
Other Revenue	37,063	0	169,000
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 289,909	\$ 137,715	\$ 181,796
<u>EXPENDITURES</u>			
General Government	\$ 132,572	\$ 0	\$ 0
Public Safety	134,326	0	0
Cultural and Recreation	50,974	0	0
Redevelopment and Housing	51,964	0	0
Economic Development	18,450	0	0
Capital Outlay	0	0	30,597
Debt Service	42,780	400,794	26,582
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 431,066	\$ 400,794	\$ 57,179
Excess (Deficiency) of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>
	\$ (141,157)	\$ (263,079)	\$ 124,617
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 158,890	\$ 285,242	\$ 0
Transfers Out	(84,368)	(108,142)	0
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ 74,522	\$ 177,100	\$ 0
Net Change in Fund Balances	<hr/>	<hr/>	<hr/>
	\$ (66,635)	\$ (85,979)	\$ 124,617
<u>FUND BALANCES</u> - Beginning of Year	<hr/>	<hr/>	<hr/>
	1,800,751	673,491	181,473
<u>FUND BALANCES</u> - End of Year	<hr/>	<hr/>	<hr/>
	\$ 1,734,116	\$ 587,512	\$ 306,090

PERMANENT			
FUNDS		TOTALS	
\$	0	\$	76,900
	0		18,222
	0		30,647
	0		132,444
	34,173		179,317
	56,275		56,275
	14,393		220,456
<hr/>			
\$	104,841	\$	714,261
<hr/>			
\$	1,400	\$	133,972
	0		134,326
	0		50,974
	0		51,964
	0		18,450
	0		30,597
	0		470,156
<hr/>			
\$	1,400	\$	890,439
<hr/>			
\$	103,441	\$	(176,178)
<hr/>			
\$	0	\$	444,132
	(30,370)		(222,880)
<hr/>			
\$	(30,370)	\$	221,252
<hr/>			
\$	73,071	\$	45,074
	1,128,771		3,784,486
<hr/>			
\$	1,201,842	\$	3,829,560
<hr/>			

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, capital projects, or permanent funds) that are legally restricted to expenditures for specified purposes. The accounting for this group of funds is on the modified accrual basis.

Nonmajor Special Revenue Funds in the City of Cadillac include:

Cemetery Operating Fund - This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

Community Development Fund - This fund was established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the city building code. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

H.L. Green Operating Fund - This fund was established to account for the rental of the H.L. Green building until it was sold on a land contract.

Cadillac Development Fund - This fund was established with grant monies from an Urban Development Action Grant to assist in economic development. As loans are repaid, money is made available for new loans.

Naval Reserve Center Fund - This fund was established to account for the rental of the Naval Reserve Center.

Clam River Greenway Fund - This fund was established to account for the ecological and scenic development of the Clam River Greenway.

Building Inspection Fund - This fund was established to account for building inspection activities pursuant to Public Act 245 of 1999.

Rental Rehabilitation Grant Fund - This fund was established to account for a Community Development Block Grant to upgrade rental housing within the City.

Milfoil Eradication Fund - This fund was established to account for milfoil eradication efforts in Lake Cadillac.

CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

	CEMETERY OPERATING	COMMUNITY DEVELOPMENT	H.L. GREEN OPERATING	CADILLAC DEVELOPMENT
<u>ASSETS</u>				
Cash	\$ 54,487	\$ 8,763	\$ 29,515	\$ 12,078
Investments	62,323	250,751	30,030	1,186,603
Receivables				
Accounts	0	0	0	0
Mortgages and Notes	0	80,647	175,424	36,224
Accrued Interest	347	2,169	429	13,251
Prepaid Expenditures	680	76	0	0
Due from Other Funds	3,647	0	0	0
TOTAL ASSETS	\$ 121,484	\$ 342,406	\$ 235,398	\$ 1,248,156
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 4,961	\$ 0	\$ 0	\$ 0
Bank Overdraft	0	0	0	0
Accrued Expenditures	1,342	487	0	0
Security Deposits Payable	0	0	0	0
Due to Other Funds	3	25	0	4,084
Deferred Revenues	0	80,647	175,424	0
Total Liabilities	\$ 6,306	\$ 81,159	\$ 175,424	\$ 4,084
<u>FUND BALANCES</u>				
Reserved for:				
Capital Improvements	\$ 10,918	\$ 0	\$ 0	\$ 0
Mortgages and Notes Receivable	0	0	0	36,224
Parks and Recreation	0	0	0	0
Prepaid Expenditures	680	76	0	0
Unreserved	103,580	261,171	59,974	1,207,848
Total Fund Balances	\$ 115,178	\$ 261,247	\$ 59,974	\$ 1,244,072
TOTAL LIABILITIES AND FUND BALANCES	\$ 121,484	\$ 342,406	\$ 235,398	\$ 1,248,156

NAVAL RESERVE CENTER	CLAM RIVER GREENWAY	BUILDING INSPECTION	RENTAL REHABILITATION GRANT	MILFOIL ERADICATION	TOTALS
\$ 21,347	\$ 5,742	\$ 0	\$ 0	\$ 26,898	\$ 158,830
24,589	0	0	0	0	1,554,296
0	0	0	0	1,000	1,000
0	0	0	0	0	292,295
276	0	0	0	0	16,472
605	0	544	0	0	1,905
0	0	6,086	2,172	8,652	20,557
\$ 46,817	\$ 5,742	\$ 6,630	\$ 2,172	\$ 36,550	\$ 2,045,355
\$ 0	\$ 0	\$ 602	\$ 0	\$ 36,550	\$ 42,113
0	0	545	0	0	545
0	0	1,122	0	0	2,951
1,086	0	0	0	0	1,086
0	0	4,361	0	0	8,473
0	0	0	0	0	256,071
\$ 1,086	\$ 0	\$ 6,630	\$ 0	\$ 36,550	\$ 311,239
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,918
0	0	0	0	0	36,224
0	5,742	0	0	0	5,742
605	0	0	0	0	1,361
45,126	0	0	2,172	0	1,679,871
\$ 45,731	\$ 5,742	\$ 0	\$ 2,172	\$ 0	\$ 1,734,116
\$ 46,817	\$ 5,742	\$ 6,630	\$ 2,172	\$ 36,550	\$ 2,045,355

CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	CEMETERY OPERATING	COMMUNITY DEVELOPMENT	H.L. GREEN OPERATING	CADILLAC DEVELOPMENT
<u>REVENUES</u>				
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	59,062	0	0	0
Interest and Rents	4,883	9,481	7,354	45,395
Other Revenue	1,914	1,894	21,894	0
Total Revenues	\$ 65,859	\$ 11,375	\$ 29,248	\$ 45,395
<u>EXPENDITURES</u>				
General Government	\$ 98,492	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Cultural and Recreation	0	0	0	0
Redevelopment and Housing	0	51,364	600	0
Economic Development	0	0	0	400
Debt Service	0	0	41,500	0
Total Expenditures	\$ 98,492	\$ 51,364	\$ 42,100	\$ 400
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,633)	\$ (39,989)	\$ (12,852)	\$ 44,995
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 30,370	\$ 0	\$ 0	\$ 23,884
Transfers Out	0	0	(23,884)	(60,484)
Total Other Financing Sources (Uses)	\$ 30,370	\$ 0	\$ (23,884)	\$ (36,600)
Net Change in Fund Balances	\$ (2,263)	\$ (39,989)	\$ (36,736)	\$ 8,395
<u>FUND BALANCES</u> - Beginning of Year	117,441	301,236	96,710	1,235,677
<u>FUND BALANCES</u> - End of Year	\$ 115,178	\$ 261,247	\$ 59,974	\$ 1,244,072

NAVAL RESERVE CENTER	CLAM RIVER GREENWAY	BUILDING INSPECTION	RENTAL REHABILITATION GRANT	MILFOIL ERADICATION	TOTALS
\$ 0	\$ 0	\$ 0	\$ 18,222	\$ 0	\$ 18,222
0	0	73,382	0	0	132,444
34,394	176	199	0	298	102,180
0	10,000	261	0	1,100	37,063
\$ 34,394	\$ 10,176	\$ 73,842	\$ 18,222	\$ 1,398	\$ 289,909
\$ 34,080	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,572
0	0	134,326	0	0	134,326
0	5,424	0	0	45,550	50,974
0	0	0	0	0	51,964
0	0	0	18,050	0	18,450
0	1,280	0	0	0	42,780
\$ 34,080	\$ 6,704	\$ 134,326	\$ 18,050	\$ 45,550	\$ 431,066
\$ 314	\$ 3,472	\$ (60,484)	\$ 172	\$ (44,152)	\$ (141,157)
\$ 0	\$ 0	\$ 60,484	\$ 0	\$ 44,152	\$ 158,890
0	0	0	0	0	(84,368)
\$ 0	\$ 0	\$ 60,484	\$ 0	\$ 44,152	\$ 74,522
\$ 314	\$ 3,472	\$ 0	\$ 172	\$ 0	\$ (66,635)
45,417	2,270	0	2,000	0	1,800,751
\$ 45,731	\$ 5,742	\$ 0	\$ 2,172	\$ 0	\$ 1,734,116

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 54,487	\$ 14,582
Investments	62,323	122,669
Receivables		
Accounts	0	1,926
Accrued Interest	347	3,387
Due from Other Funds	3,647	16,935
Prepaid Expenditures	680	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 121,484	\$ 159,499
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 4,961	\$ 5,580
Accrued Expenditures	1,342	1,148
Due to Other Funds	3	35,330
	<hr/>	<hr/>
Total Liabilities	\$ 6,306	\$ 42,058
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 680	\$ 0
Capital Improvements	10,918	10,918
Unreserved	103,580	106,523
	<hr/>	<hr/>
Total Fund Balance	\$ 115,178	\$ 117,441
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 121,484	\$ 159,499
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Sale of Lots and Burial Rights	\$ 12,400	\$ 14,200	\$ 6,587
Grave Openings and Storage	33,700	35,675	33,975
Foundations and Miscellaneous	8,400	9,187	13,602
Interest and Rents			
Interest	3,000	4,883	4,930
Other Revenue			
Contributions from Private Sources	0	1,914	10,656
Total Revenues	<u>\$ 57,500</u>	<u>\$ 65,859</u>	<u>\$ 69,750</u>
<u>EXPENDITURES</u>			
General Government			
Personal Services	\$ 45,700	\$ 46,830	\$ 38,539
Employee Benefits	13,800	14,454	11,752
Operating Supplies	8,000	9,610	8,669
Audit	600	600	600
Data Processing	4,000	4,000	3,300
Insurance	100	76	69
Travel and Education	400	487	135
Utilities	10,200	9,295	12,617
Repairs and Maintenance	5,100	7,394	4,402
Equipment Rental	5,100	4,646	3,133
Capital Outlay	5,100	1,100	46,639
Total Expenditures	<u>\$ 98,100</u>	<u>\$ 98,492</u>	<u>\$ 129,855</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (40,600)	\$ (32,633)	\$ (60,105)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
Cemetery Perpetual Care Fund	28,000	30,370	29,065
Net Change In Fund Balance	<u>\$ (12,600)</u>	<u>\$ (2,263)</u>	<u>\$ (31,040)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>119,281</u>	<u>117,441</u>	<u>148,481</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 106,681</u>	<u>\$ 115,178</u>	<u>\$ 117,441</u>

CITY OF CADILLAC, MICHIGAN
COMMUNITY DEVELOPMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 8,763	\$ 153,046
Investments	250,751	149,431
Receivables		
Installment Notes	3,733	5,588
Mortgages	76,914	76,914
Accrued Interest	2,169	305
Prepaid Expenditures	76	0
TOTAL ASSETS	<u>\$ 342,406</u>	<u>\$ 385,284</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 7
Accrued Expenditures	487	371
Due to Other Funds	25	1,168
Deferred Revenues		
Installment Notes and Mortgages	80,647	82,502
Total Liabilities	<u>\$ 81,159</u>	<u>\$ 84,048</u>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 76	\$ 0
Unreserved	261,171	301,236
Total Fund Balance	<u>\$ 261,247</u>	<u>\$ 301,236</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 342,406</u>	<u>\$ 385,284</u>

CITY OF CADILLAC, MICHIGAN
COMMUNITY DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Loans	\$ 100	\$ 120	\$ 145
Interest on Investments	8,000	9,361	11,727
Other Revenues			
Contributions From Private Sources	30,000	0	65,625
Loan Principal Collections	8,000	1,854	1,898
Penalties and Miscellaneous	0	40	40
Total Revenues	<u>\$ 46,100</u>	<u>\$ 11,375</u>	<u>\$ 79,435</u>
<u>EXPENDITURES</u>			
Redevelopment and Housing			
Personal Services	\$ 23,000	\$ 23,283	\$ 22,481
Employee Benefits	7,600	3,042	2,426
Audit	1,000	950	950
Office Supplies	600	341	322
Postage	700	66	272
Contracted Services	0	130	5,000
Data Processing	4,000	4,000	3,500
Communications	400	(3)	228
Travel and Education	1,300	1,328	637
Dues and Publications	600	627	645
Municipal Parks			
Engineering Fees	0	0	3,060
Construction	0	0	63,989
Administrative	17,600	17,600	15,000
Total Expenditures	<u>\$ 56,800</u>	<u>\$ 51,364</u>	<u>\$ 118,510</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (10,700)	\$ (39,989)	\$ (39,075)
<u>FUND BALANCE</u> - Beginning of Year	<u>293,863</u>	<u>301,236</u>	<u>340,311</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 283,163</u>	<u>\$ 261,247</u>	<u>\$ 301,236</u>

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 29,515	\$ 5,807
Investments	30,030	12,821
Due from Other Funds	0	77,914
Receivables		
Accrued Interest	429	168
Note	175,424	197,318
TOTAL ASSETS	<u>\$ 235,398</u>	<u>\$ 294,028</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 175,424	\$ 197,318
<u>FUND BALANCE</u>		
Unreserved	59,974	96,710
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 235,398</u>	<u>\$ 294,028</u>

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Note	\$ 6,500	\$ 7,354	\$ 6,822
Interest on Investments	0	0	1,544
Other Revenue			
Note Principal Collections	26,500	21,894	23,154
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 33,000	\$ 29,248	\$ 31,520
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Redevelopment and Housing			
Audit	\$ 600	\$ 600	\$ 600
Debt Service			
Principal Payments	41,500	41,500	12,500
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 42,100	\$ 42,100	\$ 13,100
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (9,100)	\$ (12,852)	\$ 18,420
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Cadillac Development Fund	(24,000)	(23,884)	(6,000)
	<hr/>	<hr/>	<hr/>
Net Change In Fund Balance	\$ (33,100)	\$ (36,736)	\$ 12,420
<u>FUND BALANCE</u> - Beginning of Year	95,790	96,710	84,290
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 62,690	\$ 59,974	\$ 96,710
	<hr/>	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 12,078	\$ 128,909
Investments	1,186,603	1,083,881
Receivables		
Notes	36,224	20,000
Accrued Interest	13,251	14,784
Due from Other Funds	0	16,361
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,248,156	\$ 1,263,935
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 4,084	\$ 26,307
Due to Other Governments	0	1,951
	<hr/>	<hr/>
Total Liabilities	\$ 4,084	\$ 28,258
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Notes Receivable	\$ 36,224	\$ 20,000
Unreserved	1,207,848	1,215,677
	<hr/>	<hr/>
Total Fund Balance	\$ 1,244,072	\$ 1,235,677
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,248,156	\$ 1,263,935
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Note	\$ 7,000	\$ 12,603	\$ 3,525
Interest on Investments	33,000	32,792	31,528
Total Revenues	\$ 40,000	\$ 45,395	\$ 35,053
<u>EXPENDITURES</u>			
Economic Development			
Audit	\$ 400	\$ 400	\$ 400
Intergovernmental Expenditures			
Public Works			
D.D.A. Capital Projects	0	0	1,951
Total Expenditures	\$ 400	\$ 400	\$ 2,351
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 39,600	\$ 44,995	\$ 32,702
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
H.L. Green Operating Fund	\$ 24,000	\$ 23,884	\$ 6,000
Building Inspection Fund	(56,400)	(60,484)	(35,207)
Total Transfers In (Out)	\$ (32,400)	\$ (36,600)	\$ (29,207)
Net Change in Fund Balance	\$ 7,200	\$ 8,395	\$ 3,495
<u>FUND BALANCE</u> - Beginning of Year	1,244,682	1,235,677	1,232,182
<u>FUND BALANCE</u> - End of Year	\$ 1,251,882	\$ 1,244,072	\$ 1,235,677

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 21,347	\$ 28,212
Investments	24,589	23,472
Receivables		
Accounts	0	176
Accrued Interest	276	245
Prepaid Expenditures	605	0
	<hr/>	
TOTAL ASSETS	\$ 46,817	\$ 52,105
	<hr/>	
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,006
Security Deposit Payable	1,086	1,086
Due to General Fund	0	4,596
	<hr/>	
Total Liabilities	\$ 1,086	\$ 6,688
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	\$ 605	0
Unreserved	45,126	45,417
	<hr/>	
Total Fund Balance	\$ 45,731	\$ 45,417
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 46,817	\$ 52,105
	<hr/>	

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 2,000	\$ 1,905	\$ 1,019
Rents	35,100	32,489	31,794
Total Revenues	\$ 37,100	\$ 34,394	\$ 32,813
<u>EXPENDITURES</u>			
General Government			
Audit	\$ 400	\$ 400	\$ 400
Insurance	600	583	547
Utilities	22,700	21,984	18,616
Building Maintenance	11,200	11,113	7,061
Capital Outlay	2,200	0	0
Total Expenditures	\$ 37,100	\$ 34,080	\$ 26,624
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ 314	\$ 6,189
<u>FUND BALANCE</u> - Beginning of Year	47,578	45,417	39,228
<u>FUND BALANCE</u> - End of Year	\$ 47,578	\$ 45,731	\$ 45,417

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 5,742	\$ 3,270
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,000
<u>FUND BALANCE</u>		
Reserved for:		
Parks and Recreation	<u>5,742</u>	<u>2,270</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,742</u>	<u>\$ 3,270</u>

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest Income	\$ 200	\$ 176	\$ 0
Other Revenue			
Contributions and Donations from			
Private Sources	12,800	10,000	8,700
Total Revenues	<u>\$ 13,000</u>	<u>\$ 10,176</u>	<u>\$ 8,700</u>
<u>EXPENDITURES</u>			
Cultural and Recreation			
Audit	\$ 400	\$ 0	\$ 0
Engineering Fees	4,500	4,332	5,500
Construction	6,800	1,092	1,000
Debt Service			
Interest Payments	0	1,280	0
Total Expenditures	<u>\$ 11,700</u>	<u>\$ 6,704</u>	<u>\$ 6,500</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 1,300	\$ 3,472	\$ 2,200
<u>FUND BALANCE</u> - Beginning of Year	70	2,270	70
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,370</u>	<u>\$ 5,742</u>	<u>\$ 2,270</u>

CITY OF CADILLAC, MICHIGAN
BUILDING INSPECTION FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 11,551
Accounts Receivable	0	320
Due from Other Funds	6,086	26,307
Prepaid Expenditures	544	0
	<hr/>	<hr/>
Total Assets	\$ 6,630	\$ 38,178
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 602	\$ 32
Bank Overdraft	545	0
Accrued Expenditures	1,122	873
Due to Other Funds	4,361	37,273
	<hr/>	<hr/>
Total Liabilities	\$ 6,630	\$ 38,178
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Unreserved	0	0
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,630	\$ 38,178
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
BUILDING INSPECTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Building Permits	\$ 59,000	\$ 61,247	\$ 30,816
Heating and Fence Permits	17,700	12,135	18,933
Interest and Rents			
Interest	400	199	21
Other Revenue			
Miscellaneous	1,300	261	910
Total Revenues	<u>\$ 78,400</u>	<u>\$ 73,842</u>	<u>\$ 50,680</u>
<u>EXPENDITURES</u>			
Public Safety			
Building Inspection			
Personal Services	\$ 85,000	\$ 87,069	\$ 54,731
Employee Benefits	38,600	37,282	23,349
Office Supplies	3,500	3,704	1,905
Postage	1,100	897	1,225
Audit	500	400	400
Data Processing	3,200	3,200	2,900
Dues and Publications	600	534	418
Communication	100	0	0
Travel and Education	1,200	799	529
Contracted Services	0	0	31
Equipment Rental	1,000	441	399
Total Expenditures	<u>\$ 134,800</u>	<u>\$ 134,326</u>	<u>\$ 85,887</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ (56,400)</u>	<u>\$ (60,484)</u>	<u>\$ (35,207)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
Cadillac Development Fund	56,400	60,484	35,207
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CADILLAC, MICHIGAN
RENTAL REHABILITATION GRANT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
	<hr/>	
<u>ASSETS</u>		
Due from Other Funds	\$ 2,172	\$ 20,222
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 0	\$ 18,222
<u>FUND BALANCE</u>		
Unreserved	2,172	2,000
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,172	\$ 20,222
	<hr/>	

CITY OF CADILLAC, MICHIGAN
RENTAL REHABILITATION GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Federal			
Community Development Block Grant Funds	\$ 0	\$ 18,222	\$ 36,000
Other Revenue			
Contributions from Private Sources	6,300	0	2,000
	<u>6,300</u>	<u>0</u>	<u>2,000</u>
Total Revenues	\$ 6,300	\$ 18,222	\$ 38,000
	<u>6,300</u>	<u>18,222</u>	<u>38,000</u>
<u>EXPENDITURES</u>			
Economic Development			
Rehabilitation	5,000	\$ 16,750	\$ 35,000
Audit	0	400	0
Administration	1,300	900	1,000
	<u>6,300</u>	<u>18,050</u>	<u>36,000</u>
Total Expenditures	\$ 6,300	\$ 18,050	\$ 36,000
	<u>6,300</u>	<u>18,050</u>	<u>36,000</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ 172	\$ 2,000
	<u>0</u>	<u>2,000</u>	<u>0</u>
<u>FUND BALANCE</u> - Beginning of Year	0	2,000	0
	<u>0</u>	<u>2,000</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 2,172	\$ 2,000
	<u>0</u>	<u>2,172</u>	<u>2,000</u>

CITY OF CADILLAC, MICHIGAN
MILFOIL ERADICATION FUND

BALANCE SHEET
JUNE 30, 2006

ASSETS

Cash	\$ 26,898
Accounts Receivable	1,000
Due from Other Funds	<u>8,652</u>
Total Assets	<u><u>\$ 36,550</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 36,550
------------------	-----------

<u>FUND BALANCE</u>	<u>0</u>
---------------------	----------

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 36,550</u></u>
------------------------------------	-------------------------

CITY OF CADILLAC, MICHIGAN
MILFOIL ERADICATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 0	\$ 298
Other Revenue		
Contributions from Private Sources	<u>100</u>	<u>1,100</u>
Total Revenues	\$ 100	\$ 1,398
<u>EXPENDITURES</u>		
Cultural and Recreation		
Contracted Services	<u>\$ 35,700</u>	<u>\$ 45,550</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,600)	\$ (44,152)
<u>OTHER FINANCING SOURCES</u>		
Transfers In		
General Fund	<u>35,500</u>	<u>44,152</u>
Net Change In Fund Balance	\$ (100)	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ (100)</u>	<u>\$ 0</u>

NONMAJOR DEBT SERVICE FUNDS

Nonmajor Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment. The accounting for this group of funds is on the modified accrual basis.

The purpose of the bonds which the various debt service funds are paying are as follows:

1990 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1992 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in said districts.

1993 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

1993 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1996 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

1996 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1997 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

1997 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1997 Building Authority Debt Retirement Fund - A 1998 Building Authority Bond issue to construct parking lots.

2000 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

2000 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

2002 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

2004 Capital Improvement Bond Debt Retirement Fund - A 2004 General Obligation Bond issue to acquire and construct various street improvements.

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

	1990 MICHIGAN TRANSPORTATION FUND	1992 SPECIAL ASSESSMENT	1993 SPECIAL ASSESSMENT
<u>ASSETS</u>			
Cash	\$ 368	\$ 36,269	\$ 6,605
Investments	0	82,417	30,551
Receivables			
Accrued Interest	0	811	1,568
Special Assessments			
Current	0	8,769	8,856
Deferred	0	0	8,756
Due from Other Funds	32	0	0
Due from Other Governments	0	0	0
TOTAL ASSETS	\$ 400	\$ 128,266	\$ 56,336
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 400	\$ 112,843	\$ 0
Deferred Revenues	0	0	8,756
Total Liabilities	\$ 400	\$ 112,843	\$ 8,756
<u>FUND BALANCES</u>			
Reserved for Debt Service	0	15,423	47,580
TOTAL LIABILITIES AND FUND BALANCE	\$ 400	\$ 128,266	\$ 56,336

1993 MICHIGAN TRANSPORTATION FUND	1996 SPECIAL ASSESSMENT	1996 MICHIGAN TRANSPORTATION FUND	1997 SPECIAL ASSESSMENT	1997 MICHIGAN TRANSPORTATION FUND	1997 BUILDING AUTHORITY
\$ 21,237 0	\$ 12,666 84,897	\$ 4,424 0	\$ 106,746 140,661	\$ 1,112 0	\$ 38,403 0
0	5,084	0	9,474	0	0
0	16,178	0	15,179	0	0
0	61,700	0	75,897	0	0
3	2,009	0	7,156	0	0
0	0	0	0	0	30,647
\$ 21,240	\$ 182,534	\$ 4,424	\$ 355,113	\$ 1,112	\$ 69,050
\$ 21,240 0	\$ 0 61,700	\$ 0 0	\$ 0 75,897	\$ 0 0	\$ 69,050 0
\$ 21,240	\$ 61,700	\$ 0	\$ 75,897	\$ 0	\$ 69,050
0	120,834	4,424	279,216	1,112	0
\$ 21,240	\$ 182,534	\$ 4,424	\$ 355,113	\$ 1,112	\$ 69,050

2000 SPECIAL ASSESSMENT	2000 MICHIGAN TRANSPORTATION FUND	2002 SPECIAL ASSESSMENT	2004 CAPITAL IMPROVEMENT BOND	TOTALS
\$ 109,925	\$ 4	\$ 24,461	\$ 11,323	\$ 373,543
0	0	0	0	338,526
3,186	0	4,738	0	24,861
8,218	0	12,727	0	69,927
41,437	0	73,411	0	261,201
367	97	3,142	0	12,806
0	0	0	0	30,647
\$ 163,133	\$ 101	\$ 118,479	\$ 11,323	\$ 1,111,511
\$ 3,142	\$ 100	\$ 45,068	\$ 10,955	\$ 262,798
41,437	0	73,411	0	261,201
\$ 44,579	\$ 100	\$ 118,479	\$ 10,955	\$ 523,999
118,554	1	0	368	587,512
\$ 163,133	\$ 101	\$ 118,479	\$ 11,323	\$ 1,111,511

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2005

	1990 MICHIGAN TRANSPORTATION FUND	1992 SPECIAL ASSESSMENT	1993 SPECIAL ASSESSMENT
<u>REVENUES</u>			
Taxes and Special Assessments	\$ 0	\$ 8,671	\$ 9,463
Contributions from Local Units	0	0	0
Interest and Rents	0	5,003	3,126
Total Revenues	\$ 0	\$ 13,674	\$ 12,589
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 0	\$ 25,000	\$ 15,000
Interest and Fiscal Charges	0	2,303	2,370
Audit	0	540	540
Total Expenditures	\$ 0	\$ 27,843	\$ 17,910
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (14,169)	\$ (5,321)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 0	\$ 0	\$ 0
Transfers Out	0	(85,000)	(20,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (85,000)	\$ (20,000)
Net Change in Fund Balances	\$ 0	\$ (99,169)	\$ (25,321)
<u>FUND BALANCES</u> - Beginning of Year	0	114,592	72,901
<u>FUND BALANCES</u> - End of Year	\$ 0	\$ 15,423	\$ 47,580

1993 MICHIGAN TRANSPORTATION FUND	1996 SPECIAL ASSESSMENT	1996 MICHIGAN TRANSPORTATION FUND	1997 SPECIAL ASSESSMENT	1997 MICHIGAN TRANSPORTATION FUND	1997 BUILDING AUTHORITY
\$ 0	\$ 16,178	\$ 0	\$ 18,531	\$ 0	\$ 0
0	0	0	0	0	30,647
0	8,351	0	6,638	0	0
\$ 0	\$ 24,529	\$ 0	\$ 25,169	\$ 0	\$ 30,647
\$ 20,000	\$ 30,000	\$ 20,000	\$ 25,000	\$ 10,000	\$ 20,000
840	7,377	7,178	8,740	2,960	10,248
400	540	400	540	400	400
\$ 21,240	\$ 37,917	\$ 27,578	\$ 34,280	\$ 13,360	\$ 30,648
\$ (21,240)	\$ (13,388)	\$ (27,578)	\$ (9,111)	\$ (13,360)	\$ (1)
\$ 19,103	\$ 0	\$ 27,100	\$ 0	\$ 13,000	\$ 0
0	0	0	0	0	0
\$ 19,103	\$ 0	\$ 27,100	\$ 0	\$ 13,000	\$ 0
\$ (2,137)	\$ (13,388)	\$ (478)	\$ (9,111)	\$ (360)	\$ (1)
2,137	134,222	4,902	288,327	1,472	1
\$ 0	\$ 120,834	\$ 4,424	\$ 279,216	\$ 1,112	\$ 0

2000 SPECIAL ASSESSMENT	2000 MICHIGAN TRANSPORTATION FUND	2002 SPECIAL ASSESSMENT	2004 CAPITAL IMPROVEMENT BOND	TOTALS
\$ 10,614	\$ 0	\$ 13,443	\$ 0	\$ 76,900
0	0	0	0	30,647
2,282	0	4,768	0	30,168
\$ 12,896	\$ 0	\$ 18,211	\$ 0	\$ 137,715
\$ 20,000	\$ 15,000	\$ 35,000	\$ 55,000	\$ 290,000
6,532	13,846	9,528	33,632	105,554
540	400	540	0	5,240
\$ 27,072	\$ 29,246	\$ 45,068	\$ 88,632	\$ 400,794
\$ (14,176)	\$ (29,246)	\$ (26,857)	\$ (88,632)	\$ (263,079)
\$ 105,000	\$ 28,897	\$ 3,142	\$ 89,000	\$ 285,242
(3,142)	0	0	0	(108,142)
\$ 101,858	\$ 28,897	\$ 3,142	\$ 89,000	\$ 177,100
\$ 87,682	\$ (349)	\$ (23,715)	\$ 368	\$ (85,979)
30,872	350	23,715	0	673,491
\$ 118,554	\$ 1	\$ 0	\$ 368	\$ 587,512

CITY OF CADILLAC, MICHIGAN
1990 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 368	\$ 368
Due from Other Funds	32	32
	<hr/>	
TOTAL ASSETS	<u>\$ 400</u>	<u>\$ 400</u>
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 400	\$ 400
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for Debt Service	0	0
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 400</u>	<u>\$ 400</u>
	<hr/>	

CITY OF CADILLAC, MICHIGAN
1990 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 0	\$ 0	\$ 35,000
Interest and Fiscal Charges	0	0	1,175
Audit	0	0	400
Total Expenditures	\$ 0	\$ 0	\$ 36,575
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ 0	\$ (36,575)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - Major Street	0	0	35,932
Net Change in Fund Balance	\$ 0	\$ 0	\$ (643)
<u>FUND BALANCE</u> - Beginning of Year	0	0	643
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

CITY OF CADILLAC, MICHIGAN
1992 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 36,269	\$ 5,552
Investments	82,417	76,728
Receivables		
Accrued Interest	811	4,739
Special Assessments - Current	8,769	27,573
Special Assessments - Deferred	0	8,671
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 128,266</u>	<u>\$ 123,263</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 112,843	\$ 0
Deferred Revenues	0	8,671
	<hr/>	<hr/>
Total Liabilities	\$ 112,843	\$ 8,671
<u>FUND BALANCE</u>		
Reserved for Debt Service	15,423	114,592
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 128,266</u>	<u>\$ 123,263</u>

CITY OF CADILLAC, MICHIGAN
1992 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 35,000	\$ 8,671	\$ 29,419
Penalties and Interest	0	0	100
Interest and Rents			
Interest on Assessments	4,500	1,337	3,639
Interest on Investments	3,500	3,666	571
Total Revenues	<u>\$ 43,000</u>	<u>\$ 13,674</u>	<u>\$ 33,729</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 25,000	\$ 25,000	\$ 25,000
Interest and Fiscal Charges	2,300	2,303	3,815
Audit	600	540	540
Total Expenditures	<u>\$ 27,900</u>	<u>\$ 27,843</u>	<u>\$ 29,355</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ 15,100</u>	<u>\$ (14,169)</u>	<u>\$ 4,374</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
2000 Special Assessment Debt Retirement	<u>(85,000)</u>	<u>(85,000)</u>	<u>(40,000)</u>
Net Change in Fund Balance	\$ (69,900)	\$ (99,169)	\$ (35,626)
<u>FUND BALANCE</u> - Beginning of Year	<u>126,618</u>	<u>114,592</u>	<u>150,218</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 56,718</u>	<u>\$ 15,423</u>	<u>\$ 114,592</u>

CITY OF CADILLAC, MICHIGAN
1993 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 6,605	\$ 5,918
Investments	30,551	55,409
Receivables		
Accrued Interest	1,568	2,464
Special Assessments - Current	8,856	9,110
Special Assessments - Deferred	8,756	18,219
TOTAL ASSETS	<u>\$ 56,336</u>	<u>\$ 91,120</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 8,756	\$ 18,219
<u>FUND BALANCE</u>		
Reserved for Debt Service	47,580	72,901
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 56,336</u>	<u>\$ 91,120</u>

CITY OF CADILLAC, MICHIGAN
1993 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 8,500	\$ 9,463	\$ 9,591
Penalties and Interest	0	0	35
Interest and Rents			
Interest on Investments	3,000	2,099	1,749
Interest on Assessments	2,500	1,027	988
Total Revenues	<u>\$ 14,000</u>	<u>\$ 12,589</u>	<u>\$ 12,363</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 15,000
Interest and Fiscal Charges	2,400	2,370	3,173
Audit	600	540	540
Total Expenditures	<u>\$ 18,000</u>	<u>\$ 17,910</u>	<u>\$ 18,713</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (4,000)	\$ (5,321)	\$ (6,350)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer Out			
2000 Special Assessment Debt Retirement	(20,000)	(20,000)	0
Net Change in Fund Balance	\$ (24,000)	\$ (25,321)	\$ (6,350)
<u>FUND BALANCE - Beginning of Year</u>	<u>73,151</u>	<u>72,901</u>	<u>79,251</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 49,151</u>	<u>\$ 47,580</u>	<u>\$ 72,901</u>

CITY OF CADILLAC, MICHIGAN
1993 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 21,237	\$ 2,137
Due from Other Funds	3	0
TOTAL ASSETS	<u>\$ 21,240</u>	<u>\$ 2,137</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 21,240	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	0	2,137
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,240</u>	<u>\$ 2,137</u>

CITY OF CADILLAC, MICHIGAN
1993 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 20,000
Interest and Fiscal Charges	900	840	1,910
Audit	400	400	400
Total Expenditures	\$ 21,300	\$ 21,240	\$ 22,310
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (21,300)	\$ (21,240)	\$ (22,310)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - Local Street	0	19,103	21,610
Net Change in Fund Balance	\$ (21,300)	\$ (2,137)	\$ (700)
<u>FUND BALANCE</u> - Beginning of Year	2,137	2,137	2,837
<u>FUND BALANCE</u> (Deficit) - End of Year	\$ (19,163)	\$ 0	\$ 2,137

CITY OF CADILLAC, MICHIGAN
1996 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 12,666	\$ 11,012
Investments	84,897	98,152
Receivables		
Accrued Interest	5,084	6,944
Special Assessments - Current	16,178	16,178
Special Assessments - Deferred	61,700	77,878
Due from Other Funds	2,009	1,936
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 182,534</u>	<u>\$ 212,100</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 61,700	\$ 77,878
<u>FUND BALANCE</u>		
Reserved for Debt Service	120,834	134,222
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 182,534</u>	<u>\$ 212,100</u>

CITY OF CADILLAC, MICHIGAN
1996 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 15,000	\$ 16,178	\$ 16,437
Penalties and Interest	0	0	52
Interest and Rents			
Interest on Investments	5,000	3,085	5,759
Interest on Assessments	6,500	5,266	6,208
Total Revenues	<u>\$ 26,500</u>	<u>\$ 24,529</u>	<u>\$ 28,456</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 30,000	\$ 30,000
Interest and Fiscal Charges	7,400	7,377	8,958
Audit	600	540	540
Total Expenditures	<u>\$ 38,000</u>	<u>\$ 37,917</u>	<u>\$ 39,498</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (11,500)	\$ (13,388)	\$ (11,042)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
1997 Special Assessment Debt Retirement	0	0	(210,000)
Net Change in Fund Balance	\$ (11,500)	\$ (13,388)	\$ (221,042)
<u>FUND BALANCE</u> - Beginning of Year	<u>147,164</u>	<u>134,222</u>	<u>355,264</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 135,664</u>	<u>\$ 120,834</u>	<u>\$ 134,222</u>

COMPARATIVE BALANCE SHEET
JUNE 30,

149

CITY OF CADILLAC, MICHIGAN
1996 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Retirement			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 15,000
Interest and Fiscal Charges	7,200	7,178	8,138
Audit	400	400	400
Office Supplies	0	0	7
Total Expenditures	\$ 27,600	\$ 27,578	\$ 23,545
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (27,600)	\$ (27,578)	\$ (23,545)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - Local Street	27,600	27,100	23,400
Net Change in Fund Balance	\$ 0	\$ (478)	\$ (145)
<u>FUND BALANCE - Beginning of Year</u>	5,047	4,902	5,047
<u>FUND BALANCE - End of Year</u>	\$ 5,047	\$ 4,424	\$ 4,902

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 106,746	\$ 210,228
Investments	140,661	15,043
Receivables		
Accrued Interest	9,474	6,874
Special Assessments - Current	15,179	15,738
Special Assessments - Deferred	75,897	94,429
Due from Other Funds	7,156	40,444
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 355,113</u>	<u>\$ 382,756</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenues	\$ 75,897	\$ 94,429
<u>FUND BALANCE</u>		
Reserved for Debt Service	<hr/> 279,216	<hr/> 288,327
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 355,113</u>	<u>\$ 382,756</u>

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 18,000	\$ 18,531	\$ 42,699
Interest and Rents			
Interest on Investments	500	619	546
Interest on Assessments	8,000	6,019	7,890
Total Revenues	\$ 26,500	\$ 25,169	\$ 51,135
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 25,000	\$ 25,000	\$ 25,000
Interest and Fiscal Charges	8,800	8,740	10,028
Audit	600	540	540
Office Supplies	0	0	10
Total Expenditures	\$ 34,400	\$ 34,280	\$ 35,578
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (7,900)	\$ (9,111)	\$ 15,557
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
1996 Special Assessment Debt Retirement	0	0	210,000
Net Change in Fund Balance	\$ (7,900)	\$ (9,111)	\$ 225,557
<u>FUND BALANCE</u> - Beginning of Year	264,370	288,327	62,770
<u>FUND BALANCE</u> - End of Year	\$ 256,470	\$ 279,216	\$ 288,327

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 1,112	\$ 3,332
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,860
<u>FUND BALANCE</u>		
Reserved for Debt Service	1,112	1,472
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,112	\$ 3,332

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 10,000	\$ 10,000	\$ 10,000
Interest and Fiscal Charges	3,000	2,960	3,475
Audit	400	400	400
	<u>13,400</u>	<u>13,360</u>	<u>13,875</u>
Total Expenditures	\$ 13,400	\$ 13,360	\$ 13,875
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (13,400)	\$ (13,360)	\$ (13,875)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - Local Street	13,400	13,000	13,800
Net Change in Fund Balance	\$ 0	\$ (360)	\$ (75)
<u>FUND BALANCE - Beginning of Year</u>	<u>1,547</u>	<u>1,472</u>	<u>1,547</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 1,547</u>	<u>\$ 1,112</u>	<u>\$ 1,472</u>

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 38,403	\$ 6,481
Due from Other Governments	30,647	31,923
	<hr/>	<hr/>
Total Assets	\$ 69,050	\$ 38,404
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 69,050	\$ 38,403
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Debt Service	0	1
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 69,050	\$ 38,404
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Contributions from Local Units	\$ 30,700	\$ 30,647	\$ 31,923
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 20,000
Interest and Fiscal Charges	10,300	10,248	11,523
Audit	400	400	400
Total Expenditures	\$ 30,700	\$ 30,648	\$ 31,923
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ (1)	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	1	1	1
<u>FUND BALANCE</u> - End of Year	\$ 1	\$ 0	\$ 1

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 109,925	\$ 43,924
Receivables		
Accrued Interest	3,186	3,974
Special Assessments - Current	8,218	8,787
Special Assessments - Deferred	41,437	52,051
Due from Other Funds	367	0
TOTAL ASSETS	<u>\$ 163,133</u>	<u>\$ 108,736</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 3,142	\$ 25,813
Deferred Revenues	41,437	52,051
Total Liabilities	\$ 44,579	\$ 77,864
<u>FUND BALANCE</u>		
Reserved for Debt Service	118,554	30,872
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 163,133</u>	<u>\$ 108,736</u>

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 9,000	\$ 10,614	\$ 9,957
Interest and Rents			
Interest on Investments	100	0	0
Interest on Assessments	3,500	2,282	3,592
Total Revenues	<u>\$ 12,600</u>	<u>\$ 12,896</u>	<u>\$ 13,549</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 20,000
Interest and Fiscal Charges	6,500	6,532	7,603
Audit	600	540	540
Office Supplies	0	0	8
Total Expenditures	<u>\$ 27,100</u>	<u>\$ 27,072</u>	<u>\$ 28,151</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ (14,500)</u>	<u>\$ (14,176)</u>	<u>\$ (14,602)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In (Out)			
1993 Special Assessment Debt Retirement	\$ 20,000	\$ 20,000	\$ 0
2002 Special Assessment Debt Retirement	0	(3,142)	0
1992 Special Assessment Debt Retirement	85,000	85,000	40,000
Total Other Financing Sources	<u>\$ 105,000</u>	<u>\$ 101,858</u>	<u>\$ 40,000</u>
Net Change in Fund Balance	\$ 90,500	\$ 87,682	\$ 25,398
<u>FUND BALANCE</u> - Beginning of Year	<u>31,974</u>	<u>30,872</u>	<u>5,474</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 122,474</u>	<u>\$ 118,554</u>	<u>\$ 30,872</u>

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 4	\$ 7,736
Due from Other Funds	97	0
TOTAL ASSETS	<u>101</u>	<u>7,736</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 100	\$ 7,386
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>1</u>	<u>350</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 101</u>	<u>\$ 7,736</u>

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 15,000	\$ 15,000	\$ 15,000
Interest and Fiscal Charges	13,900	13,846	14,648
Audit	400	400	400
Total Expenditures	\$ 29,300	\$ 29,246	\$ 30,048
Excess (Deficiency) of Revenues Over Expenditures	\$ (29,300)	\$ (29,246)	\$ (30,048)
<u>OTHER FINANCING SOURCES</u>			
Transfers In - Local Street	29,300	28,897	30,000
Net Change in Fund Balance	\$ 0	\$ (349)	\$ (48)
<u>FUND BALANCE - Beginning of Year</u>	398	350	398
<u>FUND BALANCE - End of Year</u>	\$ 398	\$ 1	\$ 350

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 24,461	\$ 5,239
Receivables		
Accrued Interest	4,738	5,516
Special Assessments - Current	12,727	12,960
Special Assessments - Deferred	73,411	86,853
Due from Other Funds	3,142	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 118,479	\$ 110,568
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 73,411	\$ 86,853
Due to Other Funds	45,068	0
	<hr/>	<hr/>
Total Liabilities	\$ 118,479	\$ 86,853
<u>FUND BALANCE</u>		
Reserved for Debt Service	0	23,715
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 118,479	\$ 110,568
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 20,000	\$ 13,443	\$ 22,319
Interest and Rents			
Interest on Assessments	4,000	4,768	2,673
Total Revenues	<u>\$ 24,000</u>	<u>\$ 18,211</u>	<u>\$ 24,992</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 35,000	\$ 35,000	\$ 35,000
Interest and Fiscal Charges	9,600	9,528	10,691
Audit	600	540	540
Total Expenditures	<u>\$ 45,200</u>	<u>\$ 45,068</u>	<u>\$ 46,231</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,200)	\$ (26,857)	\$ (21,239)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
2000 Special Assessment Debt Retirement	0	3,142	0
Net Change in Fund Balance	\$ (21,200)	\$ (23,715)	\$ (21,239)
<u>FUND BALANCE</u> - Beginning of Year	<u>28,254</u>	<u>23,715</u>	<u>44,954</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 7,054</u>	<u>\$ 0</u>	<u>\$ 23,715</u>

CITY OF CADILLAC, MICHIGAN
2004 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 11,323	\$ 0
Due from Other Funds	0	11,323
TOTAL ASSETS	<u>\$ 11,323</u>	<u>\$ 11,323</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 10,955	\$ 11,323
<u>FUND BALANCE</u>		
Reserved for Debt Service	368	0
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,323</u>	<u>\$ 11,323</u>

CITY OF CADILLAC, MICHIGAN
2004 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 55,000	\$ 55,000	\$ 0
Interest and Fiscal Charges	33,700	33,632	9,814
Audit	200	0	0
Total Expenditures	<u>\$ 88,900</u>	<u>\$ 88,632</u>	<u>\$ 9,814</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>\$ (88,900)</u>	<u>\$ (88,632)</u>	<u>\$ (9,814)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
Major Street Fund	\$ 19,100	\$ 19,100	\$ 2,846
Local Street Fund	69,900	69,900	6,968
Total Other Financing Sources	<u>\$ 89,000</u>	<u>\$ 89,000</u>	<u>\$ 9,814</u>
Net Change in Fund Balance	\$ 100	\$ 368	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 100</u></u>	<u><u>\$ 368</u></u>	<u><u>\$ 0</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The accounting for this group of funds is on the modified accrual basis.

Industrial Park Fund - The purpose is the acquisition and development of a 240 acre tract of land into an industrial park for light manufacturing companies. Part of the development costs of 95.5 acres have been through a Small Cities Grant from the State of Michigan Department of Commerce.

James E. Potvin Industrial Park Fund - The purpose is to develop the infrastructure of the 40 acres acquired to house the expanded industrial park. Grants are the major source of revenue for this fund.

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

	JAMES E. POTVIN		
	INDUSTRIAL	INDUSTRIAL	TOTALS
	PARK	PARK	
<u>ASSETS</u>			
Cash	\$ 17,156	\$ 428	\$ 17,584
Investments	287,162	0	287,162
Receivables			
Accrued Interest	2,940	0	2,940
TOTAL ASSETS	<u>\$ 307,258</u>	<u>\$ 428</u>	<u>\$ 307,686</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,168	\$ 0	\$ 1,168
Due to Other Funds	0	428	428
Total Liabilities	<u>\$ 1,168</u>	<u>\$ 428</u>	<u>\$ 1,596</u>
<u>FUND BALANCES</u>			
Reserved for			
Industrial Development	306,090	0	306,090
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 307,258</u>	<u>\$ 428</u>	<u>\$ 307,686</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	JAMES E. POTVIN		
	INDUSTRIAL	INDUSTRIAL	TOTALS
	PARK	PARK	
<u>REVENUES</u>			
Interest and Rents	\$ 12,796	\$ 0	\$ 12,796
Other Revenue	169,000	0	169,000
Total Revenues	\$ 181,796	\$ 0	\$ 181,796
<u>EXPENDITURES</u>			
Capital Outlay	\$ 30,597	\$ 0	\$ 30,597
Debt Service	26,582	0	26,582
Total Expenditures	\$ 57,179	\$ 0	\$ 57,179
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,617	\$ 0	\$ 124,617
<u>FUND BALANCES</u> - Beginning of Year	181,473	0	181,473
<u>FUND BALANCES</u> - End of Year	\$ 306,090	\$ 0	\$ 306,090

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 17,156	\$ 63,853
Investments	287,162	117,918
Receivables		
Accrued Interest	2,940	2,597
TOTAL ASSETS	<u>\$ 307,258</u>	<u>\$ 184,368</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,168	\$ 55
Due to Other Funds	0	2,840
Total Liabilities	\$ 1,168	\$ 2,895
<u>FUND BALANCE</u>		
Reserved for Industrial Development	306,090	181,473
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 307,258</u>	<u>\$ 184,368</u>

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 12,796	\$ 5,362
Other Revenue		
Sale of Property	169,000	0
	<hr/>	<hr/>
Total Revenues	\$ 181,796	\$ 5,362
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Capital Outlay		
Contracted Services	\$ 3,642	\$ 4,114
Fees and Commissions	8,840	0
Property Taxes	4,120	4,079
Land	13,345	0
Audit	650	650
Debt Service		
Principal Payments	26,582	0
	<hr/>	<hr/>
Total Expenditures	\$ 57,179	\$ 8,843
	<hr/>	<hr/>
Excess (Deficiency) of		
Revenues Over Expenditures	\$ 124,617	\$ (3,481)
<u>FUND BALANCE</u> - Beginning of Year	181,473	184,954
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 306,090	\$ 181,473
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
JAMES E. POTVIN INDUSTRIAL PARK FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 428	\$ 428
Due from Other Funds	0	3,403
TOTAL ASSETS	<u>\$ 428</u>	<u>\$ 3,831</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 3,831
Due to Other Funds	428	0
Total Liabilities	\$ 428	\$ 3,831
<u>FUND BALANCE</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 428</u>	<u>\$ 3,831</u>

CITY OF CADILLAC, MICHIGAN
JAMES E. POTVIN INDUSTRIAL PARK FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

NONMAJOR PERMANENT FUNDS

Nonmajor Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

In this category, the City of Cadillac administers the transactions of the:

Cemetery Perpetual Care Fund - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the investment income is used to maintain the cemetery operation.

Capital Projects Trust Fund - The gain from the sale of the City's investment in an electric cogeneration plant has been set aside as an endowment for capital projects. Investment earnings from the endowment will be used for capital projects as deemed appropriate by the City Council.

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

	CEMETERY PERPETUAL CARE	CAPITAL PROJECTS TRUST	TOTALS
<u>ASSETS</u>			
Cash	\$ 21,085	\$ 2,944	\$ 24,029
Investments	456,302	722,853	1,179,155
Receivables			
Accrued Interest	0	2,305	2,305
 TOTAL ASSETS	 \$ 477,387	 \$ 728,102	 \$ 1,205,489
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 3,647	\$ 0	\$ 3,647
<u>FUND BALANCES</u>			
Reserved For:			
Cemetery Perpetual Care	\$ 473,740	\$ 0	\$ 473,740
Capital Projects Endowment	0	728,102	728,102
 Total Fund Balances	 \$ 473,740	 \$ 728,102	 \$ 1,201,842
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 477,387	 \$ 728,102	 \$ 1,205,489

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	CEMETERY PERPETUAL CARE	CAPITAL PROJECTS TRUST	TOTALS
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 30,370	\$ 3,803	\$ 34,173
Gain on Investments	815	55,460	56,275
Other Revenues	14,393	0	14,393
	<hr/>		
Total Revenues	\$ 45,578	\$ 59,263	\$ 104,841
<u>EXPENDITURES</u>			
General Government			
Contractual Services	1,000	400	1,400
	<hr/>		
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 44,578	\$ 58,863	\$ 103,441
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (Out)	(30,370)	0	(30,370)
	<hr/>		
Net Change in Fund Balances	\$ 14,208	\$ 58,863	\$ 73,071
<u>FUND BALANCES</u> - Beginning of Year	459,532	669,239	1,128,771
	<hr/>		
<u>FUND BALANCES</u> - End of Year	\$ 473,740	\$ 728,102	\$ 1,201,842
	<hr/>		

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 21,085	\$ 24,820
Investments	456,302	451,647
TOTAL ASSETS	<u>\$ 477,387</u>	<u>\$ 476,467</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 3,647	\$ 16,935
<u>FUND BALANCE</u>		
Reserved for Cemetery Perpetual Care	473,740	459,532
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 477,387</u>	<u>\$ 476,467</u>

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 30,370	\$ 29,280
Gain (Loss) on Investments	815	21,709
Other Revenue		
Perpetual Care of Lots	<u>14,393</u>	<u>6,587</u>
Total Revenues	\$ 45,578	\$ 57,576
<u>EXPENDITURES</u>		
General Government		
Audit	<u>1,000</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,578	\$ 56,576
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers (Out)		
Cemetery Operating Fund	<u>(30,370)</u>	<u>(29,065)</u>
Net Change in Fund Balance	\$ 14,208	\$ 27,511
<u>FUND BALANCE</u> - Beginning of Year	<u>459,532</u>	<u>432,021</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 473,740</u></u>	<u><u>\$ 459,532</u></u>

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 2,944	\$ 116,845
Investments	722,853	552,394
Receivables		
Accrued Interest	2,305	0
	<hr/>	
TOTAL ASSETS	\$ 728,102	\$ 669,239
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for:		
Capital Projects Endowment	728,102	669,239
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 728,102	\$ 669,239
	<hr/>	

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 3,803	\$ 3,626
Gain on Investments	<u>55,460</u>	<u>7,269</u>
Total Revenues	\$ 59,263	\$ 10,895
<u>EXPENDITURES</u>		
General Government		
Audit	<u>400</u>	<u>400</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,863	\$ 10,495
<u>FUND BALANCE</u> - Beginning of Year	<u>669,239</u>	<u>658,744</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 728,102</u></u>	<u><u>\$ 669,239</u></u>

NONMAJOR PROPRIETARY FUND

Proprietary funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The significant characteristic of Proprietary Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of proprietary funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can evaluate the performance of investor-owned enterprises in the same industry.

Automobile Parking System Fund - This fund accounts for operations of the on-street and off-street parking facilities within the City.

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	2006	2005
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 82,420	\$ 89,083
Receivables		
Accounts	0	2,113
Interest	3	0
Investments	31,165	0
Prepaid Expense	30	0
Total Current Assets	\$ 113,618	\$ 91,196
<u>NONCURRENT ASSETS</u>		
<u>CAPITAL ASSETS</u>		
Land	\$ 249,221	\$ 249,221
Land Improvements	561,820	561,820
	\$ 811,041	\$ 811,041
Less Accumulated Depreciation	150,505	133,751
Net Capital Assets	\$ 660,536	\$ 677,290
TOTAL ASSETS	\$ 774,154	\$ 768,486
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,469
Due to Other Funds	2,002	69
TOTAL LIABILITIES	\$ 2,002	\$ 2,538
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 660,536	\$ 677,290
Unrestricted	111,616	88,658
TOTAL NET ASSETS	\$ 772,152	\$ 765,948

CITY OF CADILLAC, MICHIGAN
AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2006	2005
<u>OPERATING REVENUES</u>		
Charges for Services		
Parking Lot Assessments	\$ 45,620	\$ 40,710
Parking Violations	3,070	2,160
Courtesy Parking	1,507	1,085
Other Revenue	0	2,302
	<hr/>	<hr/>
Total Operating Revenues	\$ 50,197	\$ 46,257
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 2,716	\$ 2,381
Employee Benefits	1,431	1,350
Office Supplies	149	146
Audit	800	800
Data Processing	2,900	2,900
Depreciation	16,754	17,287
Snow Removal		
Personal Services	5,228	4,445
Employee Benefits	2,457	3,706
Operating Supplies	9	0
Equipment Rental	13,180	12,605
Lot Maintenance		
Personal Services	442	246
Employee Benefits	229	151
Operating Supplies	1,156	2,467
Equipment Rental	283	157
	<hr/>	<hr/>
Total Operating Expenses	\$ 47,734	\$ 48,641
	<hr/>	<hr/>
Operating Income (Loss)	\$ 2,463	\$ (2,384)
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	3,741	1,535
	<hr/>	<hr/>
Change in Net Assets	\$ 6,204	\$ (849)
	<hr/>	<hr/>
<u>TOTAL NET ASSETS - Beginning of Year</u>	765,948	766,797
	<hr/>	<hr/>
<u>TOTAL NET ASSETS - End of Year</u>	\$ 772,152	\$ 765,948
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 52,310	\$ 47,707
Cash Payments to Suppliers for Goods and Services	(23,160)	(21,721)
Cash Payments to Employees for Services	(8,386)	(7,072)
Other Operating Revenues	0	2,302
Net Cash Provided (Used) by Operating Activities	\$ 20,764	\$ 21,216
Cash Flows from Investing Activities:		
Interest Received	\$ 3,738	\$ 2,283
Purchase of Investment Securities	(31,166)	0
Proceeds from Sale and Maturities of Investment Securities	1	90,076
Net Cash Provided (Used) by Investing Activities	\$ (27,427)	\$ 92,359
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (6,663)	\$ 113,575
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>89,083</u>	<u>(24,492)</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 82,420</u>	<u>\$ 89,083</u>

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 2,463	\$ (2,384)
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation	\$ 16,754	\$ 17,287
(Increase) Decrease in Current Assets		
Accounts Receivable	2,113	(2,113)
Prepaid Expense	(30)	23
Due from Other Funds	0	5,865
Increase (Decrease) in Current Liabilities		
Accounts Payable	(2,469)	2,469
Due to Other Funds	1,933	69
Total Adjustments	\$ 18,301	\$ 23,600
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 20,764</u>	<u>\$ 21,216</u>

INTERNAL SERVICE FUNDS

Internal service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund make up the internal service funds category.

Central Stores and Municipal Garage Fund - Operates the motor pool for the City.

Data Processing Fund - Provides computer services to the various other funds that use the City's computer.

Self-Insurance Fund - Is a self-funded account that provides for hospitalization and life insurance for municipal employees at a limited amount of risk to the City.

Safety Fund - This fund was created to educate and encourage safety throughout the City organizations.

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2006

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>ASSETS</u>		
Cash	\$ 0	\$ 0
Investments	321	0
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accounts	7,898	0
Accrued Interest	0	0
Due from Other Funds	2,002	0
Inventory, At Cost	48,523	0
Prepaid Expenses	85,325	3,303
Capital Assets (Net of Accumulated Depreciation)	885,224	321,854
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,029,293	\$ 325,157
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Bank Overdraft	\$ 182,606	\$ 16,881
Accounts Payable	10,352	678
Other Accrued Expenses	43,118	3,781
Due to Other Funds	103,821	73,072
TOTAL LIABILITIES	\$ 339,897	\$ 94,412
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 885,224	\$ 321,854
Restricted for:		
Retirees' Life Insurance	0	0
Employees' Life and Health Insurance	0	0
Unrestricted (Deficit)	(195,828)	(91,109)
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 689,396	\$ 230,745
	<hr/>	<hr/>

SELF- INSURANCE	SAFETY	TOTALS
\$ 41,256	\$ 10,201	\$ 51,457
780,841	0	781,162
0	0	7,898
10,319	0	10,319
90,146	0	92,148
0	0	48,523
0	0	88,628
0	0	1,207,078
\$ 922,562	\$ 10,201	\$ 2,287,213
\$ 0	\$ 0	\$ 199,487
56,245	0	67,275
0	0	46,899
925	1,334	179,152
\$ 57,170	\$ 1,334	\$ 492,813
\$ 0	\$ 0	\$ 1,207,078
191,356	0	191,356
674,036	0	674,036
0	8,867	(278,070)
\$ 865,392	\$ 8,867	\$ 1,794,400

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2006

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 530,372	\$ 296,800
Other Revenue	0	0
	<hr/>	<hr/>
Total Operating Revenues	\$ 530,372	\$ 296,800
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 169,666	\$ 43,077
Contractual Services	59,034	76,000
Supplies	124,085	12,800
Heat, Light and Power	23,454	569
Depreciation	125,896	55,881
Employee Benefits	97,287	21,756
Benefit Payments	0	0
Equipment Rental	11,972	0
Administrative	44,000	21,200
	<hr/>	<hr/>
Total Operating Expenses	\$ 655,394	\$ 231,283
	<hr/>	<hr/>
Operating Income (Loss)	\$ (125,022)	\$ 65,517
	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 55	\$ 2,102
Gain (Loss) on Sale of Fixed Assets	6,623	1,837
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 6,678	\$ 3,939
	<hr/>	<hr/>
Changes In Net Assets	\$ (118,344)	\$ 69,456
	<hr/>	<hr/>
<u>TOTAL NET ASSETS - Beginning of Year</u>	807,740	161,289
	<hr/>	<hr/>
<u>TOTAL NET ASSETS - End of Year</u>	\$ 689,396	\$ 230,745
	<hr/>	<hr/>

SELF- INSURANCE	SAFETY	TOTALS
\$ 881,265	\$ 5,300	\$ 1,713,737
47,034	0	47,034
\$ 928,299	\$ 5,300	\$ 1,760,771
\$ 0	\$ 1,334	\$ 214,077
18,182	967	154,183
0	699	137,584
0	0	24,023
0	0	181,777
0	0	119,043
766,617	0	766,617
0	0	11,972
0	0	65,200
\$ 784,799	\$ 3,000	\$ 1,674,476
\$ 143,500	\$ 2,300	\$ 86,295
\$ 20,448	\$ 307	\$ 22,912
0	0	8,460
\$ 20,448	\$ 307	\$ 31,372
\$ 163,948	\$ 2,607	\$ 117,667
701,444	6,260	1,676,733
\$ 865,392	\$ 8,867	\$ 1,794,400

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

	CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 573,911	\$ 296,800
Cash Payments to Suppliers for Goods and Services	(496,610)	(233,840)
Cash Payments to Employees for Services	(165,663)	(42,035)
Other Operating Revenues	958	0
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (87,404)	\$ 20,925
	<hr/>	<hr/>
Cash Flows from Capital and Related		
Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (137,934)	\$ (59,054)
Proceeds from Sale of Capital Assets	6,623	1,837
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	\$ (131,311)	\$ (57,217)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 55	\$ 2,102
Purchase of Investment Securities	(13)	0
Proceeds from Sale and Maturities of Investment Securities	0	0
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 42	\$ 2,102
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (218,673)	\$ (34,190)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	36,067	17,309
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ (182,606)	\$ (16,881)
	<hr/> <hr/>	<hr/> <hr/>

SELF- INSURANCE	SAFETY	TOTALS
\$ 948,437	\$ 5,300	\$ 1,824,448
(760,043)	(3,825)	(1,494,318)
0	(1,334)	(209,032)
0	0	958
\$ 188,394	\$ 141	\$ 122,056
\$ 0	\$ 0	\$ (196,988)
0	0	8,460
\$ 0	\$ 0	\$ (188,528)
\$ 22,040	\$ 307	\$ 24,504
(590,721)	0	(590,734)
328,670	0	328,670
\$ (240,011)	\$ 307	\$ (237,560)
\$ (51,617)	\$ 448	\$ (304,032)
92,873	9,753	156,002
\$ 41,256	\$ 10,201	\$ (148,030)

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

CENTRAL STORES AND MUNICIPAL GARAGE	DATA PROCESSING

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ (125,022)	\$ 65,517
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 125,896	\$ 55,881
(Increase) Decrease in Current Assets		
Accounts Receivable	530	0
Due from Other Funds	43,967	0
Inventory	(1,252)	405
Prepaid Expense	(85,325)	(3,303)
Increase (Decrease) in Current Liabilities		
Accounts Payable	985	(17,804)
Other Accrued Expenses	(1,012)	1,042
Due to Other Funds	(46,171)	(80,813)
Total Adjustments	\$ 37,618	\$ (44,592)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (87,404)	\$ 20,925

SELF- INSURANCE	SAFETY	TOTALS
\$ 143,500	\$ 2,300	\$ 86,295
\$ 0	\$ 0	\$ 181,777
50	0	580
20,088	0	64,055
0	0	(847)
0	0	(88,628)
23,831	(2,180)	4,832
0	0	30
925	21	(126,038)
\$ 44,894	\$ (2,159)	\$ 35,761
\$ 188,394	\$ 141	\$ 122,056

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 0	\$ 36,067
Investments	321	308
Receivables		
Accounts	7,898	8,428
Due from Other Funds	2,002	45,969
Inventory, At Cost	48,523	47,271
Prepaid Expense	85,325	0
	<hr/>	<hr/>
Total Current Assets	\$ 144,069	\$ 138,043
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land and Land Improvements	\$ 93,971	\$ 93,971
Buildings	411,945	411,945
Machinery and Equipment	1,605,359	1,686,985
	<hr/>	<hr/>
	\$ 2,111,275	\$ 2,192,901
	<hr/>	<hr/>
Less Accumulated Depreciation	1,226,051	1,319,715
	<hr/>	<hr/>
Net Capital Assets	\$ 885,224	\$ 873,186
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,029,293	\$ 1,011,229
	<hr/>	<hr/>

	2006	2005
<hr/>		
<u>LIABILITIES</u>		
Bank Overdraft	\$ 182,606	\$ 0
Accounts Payable	10,352	9,367
Other Accrued Expenses	43,118	44,130
Due to Other Funds	103,821	149,992
	<hr/>	

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Services and Materials	\$ 31,067	\$ 18,692
Equipment Rentals	498,347	454,565
Other Revenue	958	0
	<hr/>	<hr/>
Total Operating Revenues	\$ 530,372	\$ 473,257
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 164,651	\$ 144,888
Contractual Services	416	2,615
Employee Safety	900	900
Operating Supplies	116,827	83,297
Audit	3,000	3,000
Data Processing	21,000	23,244
Insurance	18,748	18,237
Property Taxes	1,645	0
Travel and Education	754	418
Employee Benefits	94,777	107,990
Heat, Light and Power	23,454	22,304
Equipment Maintenance	12,571	19,892
Equipment Rental	1,298	1,090
Depreciation	125,896	114,312
Outside Work		
Salaries and Wages	5,015	5,399
Operating Supplies	7,258	5,014
Employee Benefits	2,510	2,508
Equipment Rental	2,997	4,437
Vehicle Lease	7,677	9,088
Administrative	44,000	44,000
	<hr/>	<hr/>
Total Operating Expenses	\$ 655,394	\$ 612,633
	<hr/>	<hr/>
Operating Income (Loss)	\$ (125,022)	\$ (139,376)
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 55	\$ 403
Gain (Loss) on Sale of Fixed Assets	6,623	12,260
Total Nonoperating Revenues (Expenses)	\$ 6,678	\$ 12,663
Change in Net Assets	\$ (118,344)	\$ (126,713)
<u>TOTAL NET ASSETS</u> - Beginning of Year	<u>807,740</u>	<u>934,453</u>
<u>TOTAL NET ASSETS</u> - End of Year	<u>\$ 689,396</u>	<u>\$ 807,740</u>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 573,911	\$ 565,600
Cash Payments to Suppliers for Goods and Services	(496,610)	(250,792)
Cash Payments to Employees for Services	(165,663)	(133,712)
Other Operating Revenues	958	0
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (87,404)	\$ 181,096
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	\$ (137,934)	\$ (169,717)
Proceeds from Sale of Capital Assets	6,623	12,260
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (131,311)	\$ (157,457)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 55	\$ 403
Purchase of Investment Securities	(13)	(8)
Proceeds from Sale and Maturity of Investment Securities	0	1
	<hr/>	<hr/>
Net Cash Provided (Used) By Investing Activities	\$ 42	\$ 396
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (218,673)	\$ 24,035
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	36,067	12,032
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ (182,606)	\$ 36,067
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (125,022)	\$ (139,376)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 125,896	\$ 114,312
(Increase) Decrease in Current Assets		
Accounts Receivable	530	(3,179)
Due from Other Funds	43,967	95,522
Inventory	(1,252)	(10,179)
Prepaid Expense	(85,325)	11,442
Increase (Decrease) in Current Liabilities		
Accounts Payable	985	(268)
Accrued Expenses	(1,012)	11,175
Due to Other Funds	(46,171)	104,576
Due to Other Governments	0	(2,929)
Total Adjustments	\$ 37,618	\$ 320,472
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (87,404)</u>	<u>\$ 181,096</u>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 0	\$ 17,309
Inventory, at Cost	0	405
Prepaid Expense	3,303	0
	<hr/>	<hr/>
Total Current Assets	\$ 3,303	\$ 17,714
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Furniture, Fixtures and Equipment	\$ 717,670	\$ 766,182
Less Accumulated Depreciation	395,816	447,501
	<hr/>	<hr/>
Net Capital Assets	\$ 321,854	\$ 318,681
	<hr/>	<hr/>
TOTAL ASSETS	\$ 325,157	\$ 336,395
	<hr/>	<hr/>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Bank Overdraft	\$ 16,881	\$ 0
Accounts Payable	678	18,482
Other Accrued Expenses	3,781	2,739
Due to Other Funds	73,072	153,885
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 94,412	\$ 175,106
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 321,854	\$ 318,681
Unrestricted (Deficit)	(91,109)	(157,392)
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 230,745	\$ 161,289
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2006	2005
<u>OPERATING REVENUES</u>		
Interdepartmental Billings	\$ 296,800	\$ 251,600
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 43,077	\$ 43,220
Employee Benefits	21,756	16,764
Dues and Publications	78	163
Audit	800	800
Insurance	159	152
Computer Programming	68,840	75,791
Telephone	569	561
Travel and Education	3,635	212
Office Supplies	12,800	6,183
Depreciation	55,881	58,989
Repairs and Maintenance	2,488	2,404
Administrative	21,200	18,100
Total Operating Expenses	\$ 231,283	\$ 223,339
Operating Income (Loss)	\$ 65,517	\$ 28,261
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 2,102	\$ 223
Gain (Loss) on Sale of Fixed Assets	1,837	0
Interest and Fiscal Charges	0	(34)
Total Nonoperating Revenues (Expenses)	\$ 3,939	\$ 189
Change In Net Assets	\$ 69,456	\$ 28,450
<u>TOTAL NET ASSETS</u> - Beginning of Year	161,289	132,839
<u>TOTAL NET ASSETS</u> - End of Year	\$ 230,745	\$ 161,289

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 296,800	\$ 251,600
Cash Payments to Suppliers for Goods and Services	(233,840)	(45,249)
Cash Payments to Employees for Services	(42,035)	(44,015)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	\$ 20,925	\$ 162,336
	<u> </u>	<u> </u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (59,054)	\$ (140,052)
Proceeds from Sale of Capital Assets	1,837	(5,398)
Interest Paid on Capital Lease	0	(34)
	<u> </u>	<u> </u>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (57,217)	\$ (145,484)
	<u> </u>	<u> </u>
Cash Flows from Investing Activities:		
Interest Received	\$ 2,102	\$ 223
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (34,190)	\$ 17,075
	<u> </u>	<u> </u>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	17,309	234
	<u> </u>	<u> </u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ (16,881)</u>	<u>\$ 17,309</u>

CITY OF CADILLAC, MICHIGAN
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 65,517	\$ 28,261
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 55,881	\$ 58,989
(Increase) Decrease in Current Assets		
Inventory	405	158
Prepaid Expense	(3,303)	0
Increase (Decrease) in Current Liabilities		
Accounts Payable	(17,804)	17,685
Other Accrued Expenses	1,042	(795)
Due to Other Funds	(80,813)	58,038
Total Adjustments	\$ (44,592)	\$ 134,075
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 20,925</u>	<u>\$ 162,336</u>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 41,256	\$ 92,873
Investments	780,841	518,790
Receivables		
Accounts	0	50
Accrued Interest	10,319	11,911
Due from Other Funds	90,146	110,234
	<hr/>	<hr/>
TOTAL ASSETS	\$ 922,562	\$ 733,858
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 56,245	\$ 32,414
Due to Other Funds	925	0
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 57,170	\$ 32,414
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Restricted for:		
Retirees' Life Insurance	\$ 191,356	\$ 179,285
Employees' Life and Health Insurance	674,036	522,159
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 865,392	\$ 701,444
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Employer Contributions	\$ 881,265	\$ 950,645
Other Revenue	47,034	29,435
	<hr/>	<hr/>
Total Operating Revenues	\$ 928,299	\$ 980,080
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Contractual Services		
Administration	\$ 18,182	\$ 14,431
Benefit Payments		
Insurance Premiums	485,141	531,860
Medical Claims	281,476	291,529
	<hr/>	<hr/>
Total Operating Expenses	\$ 784,799	\$ 837,820
	<hr/>	<hr/>
Operating Income (Loss)	\$ 143,500	\$ 142,260
	<hr/>	<hr/>
<u>NONOPERATING REVENUES</u>		
Interest Revenue	20,448	19,148
	<hr/>	<hr/>
Change in Net Assets	\$ 163,948	\$ 161,408
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - Beginning of Year	701,444	540,036
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u> - End of Year	\$ 865,392	\$ 701,444
	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 948,437	\$ 914,615
Cash Payments to Suppliers for Goods and Services	(760,043)	(817,003)
	<u>\$ 188,394</u>	<u>\$ 97,612</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 22,040	\$ 14,944
Purchase of Investment Securities	(590,721)	(452,622)
Proceeds from Sale and Maturities of Investment Securities	328,670	403,751
	<u>\$ (240,011)</u>	<u>\$ (33,927)</u>
Net Cash Provided (Used) by Investing Activities		
	<u>\$ (51,617)</u>	<u>\$ 63,685</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
	<u>\$ 92,873</u>	<u>\$ 29,188</u>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>		
	<u>\$ 41,256</u>	<u>\$ 92,873</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>		
	<u>\$ 41,256</u>	<u>\$ 92,873</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u> <u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 143,500	\$ 142,260
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities		
(Increase) Decrease in Current Assets		
Accounts Receivable	\$ 50	\$ (50)
Due from Other Funds	20,088	(65,415)
Prepaid Expense	0	46,947
Increase (Decrease) in Current Liabilities		
Accounts Payable	23,831	(19,217)
Due to Other Funds	925	(6,913)
	<u>\$ 44,894</u>	<u>\$ (44,648)</u>
Total Adjustments		
	<u>\$ 44,894</u>	<u>\$ (44,648)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 188,394</u>	<u>\$ 97,612</u>

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 10,201	\$ 9,753
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,180
Due to Other Funds	1,334	1,313
 TOTAL LIABILITIES	 \$ 1,334	 \$ 3,493
<u>NET ASSETS</u>		
Unrestricted	\$ 8,867	\$ 6,260

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Interdepartmental Billings	\$ 5,300	\$ 5,300
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 1,334	\$ 1,302
Operating Supplies	699	3,893
Dues and Publications	437	0
Audit	400	350
Travel and Education	130	12
Total Operating Expenses	\$ 3,000	\$ 5,557
Operating Income (Loss)	\$ 2,300	\$ (257)
<u>NONOPERATING REVENUE (EXPENSES)</u>		
Interest Revenue	307	83
Change in Net Assets	\$ 2,607	\$ (174)
<u>TOTAL NET ASSETS - Beginning of Year</u>	6,260	6,434
<u>TOTAL NET ASSETS - End of Year</u>	\$ 8,867	\$ 6,260

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 5,300	\$ 5,300
Cash Payments to Suppliers for Goods and Services	(3,825)	(1,712)
Cash Payments to Employees for Services	(1,334)	(1,302)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 141	\$ 2,286
Cash Flows from Investing Activities		
Interest Received	307	83
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 448	\$ 2,369
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	9,753	7,384
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 10,201	\$ 9,753
	<hr/> <hr/>	<hr/> <hr/>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u> <u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 2,300	\$ (257)
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities		
Increase (Decrease) in Current Liabilities		
Accounts Payable	\$ (2,180)	\$ 2,180
Due to Other Funds	21	363
	<hr/>	<hr/>
Total Adjustments	\$ (2,159)	\$ 2,543
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 141	\$ 2,286
	<hr/> <hr/>	<hr/> <hr/>

PENSION TRUST FUND

The Policemen and Firemen Retirement System accounts for assets of the government's public safety employees pension plan which is required to be held in trust for the members and beneficiaries.

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 0	\$ 39,462
Investments		
Corporate Bonds and Notes	0	1,204,062
U.S. Government Securities	0	247,790
Common Stocks	0	3,354,671
Preferred Stocks	0	237,837
International Bonds	0	157,094
Mutual Funds	2,035	208,498
Municipal Employees' Retirement System	5,786,409	0
Receivables		
Accrued Interest	0	10,913
Due from Other Funds	25,947	0
Prepaid Deductions	5,007	0
TOTAL ASSETS	\$ 5,819,398	\$ 5,460,327
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 9,100
Bank Overdraft	5,641	0
Due to Other Funds	0	72,490
Total Liabilities	\$ 5,641	\$ 81,590
<u>NET ASSETS</u>		
Held in Trust for Employees' Pension Benefits	\$ 5,813,757	\$ 5,378,737

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ADDITIONS</u>		
Contributions		
Employer	\$ 469,725	\$ 446,560
Employee	42,125	45,652
Total Contributions	<u>\$ 511,850</u>	<u>\$ 492,212</u>
Investment Income		
Interest and Dividend Income	\$ 130,581	\$ 113,510
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	295,734	136,672
Investment Expenses	(58,521)	(57,591)
Net Investment Income (Loss)	<u>\$ 367,794</u>	<u>\$ 192,591</u>
Total Additions (Deletions)	<u>\$ 879,644</u>	<u>\$ 684,803</u>
<u>DEDUCTIONS</u>		
Benefit Payments		
Retirement	\$ 434,449	\$ 404,606
Administrative Expenses		
Contracted Services		
Actuarial Fees	10,175	18,990
Auditing	0	1,375
Total Deductions	<u>\$ 444,624</u>	<u>\$ 424,971</u>
Net Increase (Decrease) in Plan Assets	\$ 435,020	\$ 259,832
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Beginning of Year	<u>5,378,737</u>	<u>5,118,905</u>
End of Year	<u><u>\$ 5,813,757</u></u>	<u><u>\$ 5,378,737</u></u>

AGENCY FUNDS

CURRENT TAX COLLECTION FUND

The Current Tax Collection Fund functions as the property tax collection agent for the area schools and county.

PAYROLL FUND

The Payroll Fund is used to account for the payroll paid to all employees. This fund has its own depository and has no revenue or expenditure accounts; it is composed of only balance sheet accounts.

CITY OF CADILLAC, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	BALANCE			BALANCE
	7/1/2005	ADDITIONS	DEDUCTIONS	6/30/2006
<u>CURRENT TAX COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash	\$ 22,177	\$ 8,604,085	\$ 8,559,501	\$ 66,761
Due from Other Governments	6,195	2,403	6,124	2,474
Total Assets	<u>\$ 28,372</u>	<u>\$ 8,606,488</u>	<u>\$ 8,565,625</u>	<u>\$ 69,235</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 9,110	\$ 8,587,425	\$ 8,573,292	\$ 23,243
Due to Other Funds	19,262	45,992	19,262	45,992
Total Liabilities	<u>\$ 28,372</u>	<u>\$ 8,633,417</u>	<u>\$ 8,592,554</u>	<u>\$ 69,235</u>
<u>PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash	\$ 0	\$ 6,107,745	\$ 6,106,000	\$ 1,745
Due from Other Funds	36,666	6,160,037	6,194,342	2,361
Prepaid Items	73	284,324	284,379	18
Total Assets	<u>\$ 36,739</u>	<u>\$ 12,552,106</u>	<u>\$ 12,584,721</u>	<u>\$ 4,124</u>
<u>LIABILITIES</u>				
Bank Overdraft	\$ 33,558	\$ 0	\$ 33,558	\$ 0
Due to Other Funds	3,181	6,172,258	6,171,367	4,072
Payroll Withholdings	0	2,626,063	2,626,011	52
Total Liabilities	<u>\$ 36,739</u>	<u>\$ 8,798,321</u>	<u>\$ 8,830,936</u>	<u>\$ 4,124</u>

CITY OF CADILLAC, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	BALANCE		BALANCE	
	7/1/2005	ADDITIONS	DEDUCTIONS	6/30/2006
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 22,177	\$ 14,711,830	\$ 14,665,501	\$ 68,506
Due from Other Funds	36,666	6,160,037	6,194,342	2,361
Due from Other Governments	6,195	2,403	6,124	2,474
Prepaid Items	73	284,324	284,379	18
Total Assets	<u>\$ 65,111</u>	<u>\$ 21,158,594</u>	<u>\$ 21,150,346</u>	<u>\$ 73,359</u>
<u>LIABILITIES</u>				
Bank Overdraft	\$ 33,558	\$ 0	\$ 33,558	\$ 0
Due to Other Governments	9,110	8,587,425	8,573,292	23,243
Due to Other Funds	22,443	6,218,250	6,190,629	50,064
Payroll Withholdings	0	2,626,063	2,626,011	52
Total Liabilities	<u>\$ 65,111</u>	<u>\$ 17,431,738</u>	<u>\$ 17,423,490</u>	<u>\$ 73,359</u>

COMPONENT UNITS

MAJOR COMPONENT UNIT

L.D.F.A. Operating Fund - This fund was established to operate the groundwater cleanup facility located in the industrial park.

L.D.F.A. Debt Retirement Fund - This fund accounts for the accumulation of resources and payment of bond principal and interest.

L.D.F.A. Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the L.D.F.A.

NONMAJOR COMPONENT UNITS

Downtown Development Authority- This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A 2 mill maximum tax levy can be levied by the board when needed.

D.D.A. Capital Projects Fund - This fund was established to provide a source of revenue for the D.D.A. to undertake various capital and public infrastructure improvements within the D.D.A. development district.

Economic Development Corporation - This fund was established to act as an economic development corporation for the City of Cadillac in accordance with State law.

Brownfield Redevelopment Authority - This fund identifies contaminated sites and remediates them, and provides financing to do so. This fund was established pursuant to Michigan Public Act 381 of 1996.

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2006

		TOTAL					
		MAJOR	NONMAJOR				
		L.D.F.A.	COMPONENT				
			UNITS	TOTALS			
<u>ASSETS</u>							
<u>CURRENT ASSETS</u>							
Cash	\$	43,846	\$	59,115	\$	102,961	
Investments		1,730,426		135,405		1,865,831	
Receivables							
Taxes		0		108		108	
Accounts		1,420		125		1,545	
Accrued Interest		14,952		2,615		17,567	
Due from Other Governments		65,838		0		65,838	
Prepaid Expenditures		0		66		66	
TOTAL CURRENT ASSETS		\$	1,856,482	\$	197,434	\$	2,053,916
<u>CAPITAL ASSETS</u>							
Investment in System	\$	226,767	\$	0	\$	226,767	
Less Accumulated Depreciation		50,242		0		50,242	
Net Capital Assets		\$	176,525	\$	0	\$	176,525
TOTAL ASSETS		\$	2,033,007	\$	197,434	\$	2,230,441
<u>LIABILITIES AND EQUITY</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$	6,644	\$	891	\$	7,535	
Accrued Expenditures		1,021		759		1,780	
Due to Other Governments		0		32,891		32,891	
Deferred Revenue		0		108		108	
Total Liabilities	\$	7,665	\$	34,649	\$	42,314	

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2006

	MAJOR	TOTAL NONMAJOR COMPONENT	
	L.D.F.A.	UNITS	TOTALS
<u>EQUITY</u>			
Net Assets			
Invested in Capital Assets	\$ 176,525	\$ 0	\$ 176,525
Unrestricted	149,795	0	149,795
Fund Balance			
Reserved for:			
Prepaid Expenditures	0	66	66
Debt Service	8,506	0	8,506
Ground Water Clean-up	1,690,516	0	1,690,516
Unreserved	0	162,719	162,719
Total Net Assets/Fund Balance	<u>\$ 2,025,342</u>	<u>\$ 162,785</u>	<u>\$ 2,188,127</u>
 TOTAL LIABILITIES AND EQUITY	 <u>\$ 2,033,007</u>	 <u>\$ 197,434</u>	 <u>\$ 2,230,441</u>

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR GOVERNMENTAL COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	MAJOR	TOTAL NONMAJOR	
	L.D.F.A.	COMPONENT	TOTALS
		UNITS	
<u>REVENUES</u>			
Taxes	\$ 289,218	\$ 137,667	\$ 426,885
Interest and Rents	67,729	3,760	71,489
Other Revenues	0	8,299	8,299
	<hr/>		
Total Revenues	\$ 356,947	\$ 149,726	\$ 506,673
	<hr/>		
<u>EXPENDITURES</u>			
Economic Development	\$ 0	\$ 61,243	\$ 61,243
Public Works	227,556	0	227,556
General Government			
Refunds	584,924	0	584,924
Audit	1,000	0	1,000
Intergovernmental Expenditures	0	32,444	32,444
	<hr/>		
Total Expenditures	\$ 813,480	\$ 93,687	\$ 907,167
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (456,533)	\$ 56,039	\$ (400,494)
<u>FUND BALANCES</u> - Beginning of Year			
	2,155,555	106,746	2,262,301
	<hr/>		
<u>FUND BALANCES</u> - End of Year	\$ 1,699,022	\$ 162,785	\$ 1,861,807
	<hr/>		

CITY OF CADILLAC, MICHIGAN

L.D.F.A. FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	DEBT			
	OPERATING FUND	RETIREMENT FUND	UTILITIES FUND	TOTAL
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 14,078	\$ 823	\$ 28,945	\$ 43,846
Investments	1,610,892	2,407	117,127	1,730,426
Receivables				
Accounts	0	0	1,420	1,420
Accrued Interest	13,633	0	1,319	14,952
Due from Other Governments	59,363	5,276	1,199	65,838
Total Current Assets	\$ 1,697,966	\$ 8,506	\$ 150,010	\$ 1,856,482
<u>CAPITAL ASSETS</u>				
Investment in System	\$ 0	\$ 0	\$ 226,767	\$ 226,767
Less Accumulated Depreciation	0	0	50,242	50,242
Net Capital Assets	\$ 0	\$ 0	\$ 176,525	\$ 176,525
TOTAL ASSETS	\$ 1,697,966	\$ 8,506	\$ 326,535	\$ 2,033,007
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 6,644	\$ 0	\$ 0	\$ 6,644
Accrued Expenditures	806	0	215	1,021
Total Liabilities	\$ 7,450	\$ 0	\$ 215	\$ 7,665
<u>EQUITY</u>				
Net Assets				
Invested in Capital Assets	\$ 0	\$ 0	\$ 176,525	\$ 176,525
Unrestricted	0	0	149,795	149,795
Fund Balance				
Reserved for:				
Debt Service	0	8,506	0	8,506
Ground Water Clean-up	1,690,516	0	0	1,690,516
Total Net Assets/Fund Balance	\$ 1,690,516	\$ 8,506	\$ 326,320	\$ 2,025,342
TOTAL LIABILITIES AND EQUITY	\$ 1,697,966	\$ 8,506	\$ 326,535	\$ 2,033,007

CITY OF CADILLAC, MICHIGAN

L.D.F.A. GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	OPERATING FUND	DEBT RETIREMENT FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 289,218	\$ 0	\$ 289,218
Interest and Rents	58,223	9,506	67,729
Total Revenues	\$ 347,441	\$ 9,506	\$ 356,947
<u>EXPENDITURES</u>			
Public Works	\$ 227,556	\$ 0	\$ 227,556
General Government			
Refunds	0	584,924	584,924
Audit	0	1,000	1,000
Total Expenditures	\$ 227,556	\$ 585,924	\$ 813,480
Excess (Deficiency) of Revenues Over Expenditures	\$ 119,885	\$ (576,418)	\$ (456,533)
<u>FUND BALANCE</u> - Beginning of Year	1,570,631	584,924	2,155,555
<u>FUND BALANCE</u> - End of Year	\$ 1,690,516	\$ 8,506	\$ 1,699,022

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 14,078	\$ 265,592
Investments	1,610,892	1,340,886
Receivables		
Accrued Interest	13,633	21,505
Due from Other Governments	59,363	0
TOTAL ASSETS	<u>\$ 1,697,966</u>	<u>\$ 1,627,983</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 6,644	\$ 21,622
Accrued Expenditures	806	576
Due to Other Governments	0	4,993
Deferred Revenue	0	30,161
Total Liabilities	\$ 7,450	\$ 57,352
 <u>FUND BALANCE</u>		
Reserved for Groundwater Cleanup	1,690,516	1,570,631
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,697,966</u>	<u>\$ 1,627,983</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 0	\$ 59,363	\$ 0
Groundwater Cleanup Special Assessment	196,000	225,837	151,375
Penalties and Interest	4,400	4,018	7
Total Taxes	\$ 200,400	\$ 289,218	\$ 151,382
Interest and Rents			
Interest	41,000	58,223	52,786
Total Revenues	\$ 241,400	\$ 347,441	\$ 204,168
<u>EXPENDITURES</u>			
Public Works			
Personal Services	\$ 15,000	\$ 16,607	\$ 11,967
Employee Benefits	7,200	6,265	5,920
Audit	400	400	400
Legal Fees	10,000	4,150	5,810
Supplies	18,500	9,020	9,864
Contractual Services	83,000	71,340	73,991
Heat, Light and Power	106,000	109,439	101,434
Chemicals	2,000	0	0
Equipment Maintenance	10,500	10,335	16,880
Interest on Tax Repayments to County	0	0	99,287
Total Expenditures	\$ 252,600	\$ 227,556	\$ 325,553
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (11,200)	\$ 119,885	\$ (121,385)
<u>FUND BALANCE</u> - Beginning of Year	1,674,866	1,570,631	1,692,016
<u>FUND BALANCE</u> - End of Year	\$ 1,663,666	\$ 1,690,516	\$ 1,570,631

CITY OF CADILLAC, MICHIGAN
L.D.F.A. DEBT RETIREMENT FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 823	\$ 367,681
Investments	2,407	197,039
Receivables		
Accrued Interest	0	4,598
Due from Other Governments	5,276	15,606
	<hr/>	<hr/>
TOTAL ASSETS	\$ 8,506	\$ 584,924
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service	8,506	584,924
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,506	\$ 584,924
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. DEBT RETIREMENT FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Tax	\$ 0	\$ 0	\$ 777,398
Interest and Rents			
Interest	4,000	9,506	18,261
Total Revenues	\$ 4,000	\$ 9,506	\$ 795,659
<u>EXPENDITURES</u>			
General Government			
Refunds	\$ 0	\$ 584,924	\$ 0
Audit	1,000	1,000	1,000
Debt Service			
Principal Retirement	0	0	1,210,000
Interest and Fiscal Charges	0	0	41,812
Office Supplies	0	0	8
Total Expenditures	\$ 1,000	\$ 585,924	\$ 1,252,820
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,000	\$ (576,418)	\$ (457,161)
<u>FUND BALANCE</u> - Beginning of Year	0	584,924	1,042,085
<u>FUND BALANCE</u> - End of Year	\$ 3,000	\$ 8,506	\$ 584,924

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 28,945	\$ 28,070
Investments	117,127	110,831
Receivables		
Accounts	1,420	2,902
Accrued Interest	1,319	2,474
Due from Other Governments	1,199	2,035
	<hr/>	<hr/>
Total Current Assets	\$ 150,010	\$ 146,312
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Investment in System	\$ 226,767	\$ 214,812
Less Accumulated Depreciation	50,242	45,826
	<hr/>	<hr/>
Net Capital Assets	\$ 176,525	\$ 168,986
	<hr/>	<hr/>
TOTAL ASSETS	\$ 326,535	\$ 315,298
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accrued Expenses	\$ 215	\$ 60
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 176,525	\$ 168,986
Unrestricted	149,795	146,252
	<hr/>	<hr/>
Total Net Assets	\$ 326,320	\$ 315,238
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Water Charges to Customers	\$ 12,519	\$ 16,192
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 1,838	\$ 2,014
Employee Benefits	657	997
Operating Supplies	0	102
Audit	400	400
Depreciation	4,416	4,296
Total Operating Expenses	\$ 7,311	\$ 7,809
Operating Income (Loss)	\$ 5,208	\$ 8,383
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	5,874	3,009
Change in Net Assets	\$ 11,082	\$ 11,392
<u>NET ASSETS</u> - Beginning of Year	315,238	303,846
<u>NET ASSETS</u> - End of Year	\$ 326,320	\$ 315,238

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities

Cash Received from Customers	\$ 14,837	\$ 15,342
Cash Payments to Suppliers for Goods and Services	(2,740)	(3,498)

Net Cash Provided by Operating Activities	\$ 12,097	\$ 11,844
---	-----------	-----------

Cash Flows from Capital and Related Financing Activities

Purchase of Fixed Assets	\$ (11,955)	\$ 0
--------------------------	-------------	------

Cash Flows from Investing Activities

Interest Received	\$ 7,029	\$ 3,026
Proceeds from Sales and Maturities	327	4,101
Purchase of Investment Securities	(6,623)	(444)

Net Cash Provided (Used) by Investing Activities	\$ 733	\$ 6,683
--	--------	----------

Net Increase (Decrease) in Cash and Cash Equivalents	\$ 875	\$ 18,527
--	--------	-----------

<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	28,070	9,543
--	--------	-------

<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 28,945	\$ 28,070
--	-----------	-----------

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$ 5,208	\$ 8,383
------------------	----------	----------

Adjustments to Reconcile Operating Income

to Net Cash Provided by Operating Activities:

Depreciation	\$ 4,416	\$ 4,296
--------------	----------	----------

(Increase) Decrease in Current Assets

Accounts Receivable	1,482	(215)
Due from Other Governments	836	(2,035)
Due from Component Units	0	2,779

Increase (Decrease) in Current Liabilities

Other Accrued Expenses	155	15
Due to Other Governments	0	(1,379)

Total Adjustments	\$ 6,889	\$ 3,461
-------------------	----------	----------

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 12,097	\$ 11,844
---	-----------	-----------

CITY OF CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2006

	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>	<u>ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>		
Cash	\$ 47,637	\$ 1,167
Investments	45,043	0
Receivables		
Taxes	108	0
Accounts	125	0
Accrued Interest	1,487	0
Prepaid Expenditures	66	0
TOTAL ASSETS	<u>\$ 94,466</u>	<u>\$ 1,167</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 891	\$ 0
Accrued Expenditures	759	0
Due to Other Governments	32,891	0
Deferred Revenue	108	0
Total Liabilities	<u>\$ 34,649</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 66	\$ 0
Unreserved	59,751	1,167
Total Fund Balances	<u>\$ 59,817</u>	<u>\$ 1,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 94,466</u>	<u>\$ 1,167</u>

BROWNFIELD
REDEVELOPMENT

AUTHORITY		TOTALS	
\$	10,311	\$	59,115
	90,362		135,405
	0		108
	0		125
	1,128		2,615
	0		66
<hr/>			
\$	101,801	\$	197,434
<hr/>			
<hr/>			
\$	0	\$	891
	0		759
	0		32,891
	0		108
<hr/>			
\$	0	\$	34,649
<hr/>			
\$	0	\$	66
	101,801		162,719
<hr/>			
\$	101,801	\$	162,785
<hr/>			
\$	101,801	\$	197,434
<hr/>			
<hr/>			

CITY OF CADILLAC, MICHIGAN

NONMAJOR COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION
<u>REVENUES</u>		
Taxes	\$ 136,008	\$ 0
Interest and Rents	1,460	0
Other Revenues	8,299	0
Total Revenues	\$ 145,767	\$ 0
<u>EXPENDITURES</u>		
Economic Development	\$ 59,693	\$ 0
Intergovernmental	32,444	0
Total Expenditures	\$ 92,137	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,630	\$ 0
<u>FUND BALANCES</u> - Beginning of Year	6,187	1,167
<u>FUND BALANCES</u> - End of Year	\$ 59,817	\$ 1,167

BROWNFIELD REDEVELOPMENT AUTHORITY		TOTALS
\$	1,659	\$ 137,667
	2,300	3,760
	0	8,299
\$	3,959	\$ 149,726
\$	1,550	\$ 61,243
	0	32,444
\$	1,550	\$ 93,687
\$	2,409	\$ 56,039
	99,392	106,746
\$	101,801	\$ 162,785

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

		CAPITAL		
		OPERATING	PROJECTS	TOTAL
	<u>ASSETS</u>	FUND	FUND	
Cash		\$ 10,515	\$ 37,122	\$ 47,637
Investments		0	45,043	45,043
Receivables				
Taxes		108	0	108
Accounts		125	0	125
Accrued Interest		0	1,487	1,487
Prepaid Expenditures		66	0	66
TOTAL ASSETS		\$ 10,814	\$ 83,652	\$ 94,466
	<u>LIABILITIES AND FUND BALANCE</u>			
	<u>LIABILITIES</u>			
Accounts Payable		\$ 8	\$ 883	\$ 891
Accrued Expenditures		759	0	759
Due to Other Governments		2,244	30,647	32,891
Deferred Revenue		108	0	108
Total Liabilities		\$ 3,119	\$ 31,530	\$ 34,649
	<u>FUND BALANCE</u>			
Reserved for Prepaid Expenditures		\$ 66	\$ 0	\$ 66
Unreserved		7,629	52,122	59,751
Total Fund Balance		\$ 7,695	\$ 52,122	\$ 59,817
TOTAL LIABILITIES AND FUND BALANCE		\$ 10,814	\$ 83,652	\$ 94,466

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2006

	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 30,619	\$ 105,389	\$ 136,008
Interest and Rents	802	658	1,460
Other Revenues	8,299	0	8,299
Total Revenues	\$ 39,720	\$ 106,047	\$ 145,767
<u>EXPENDITURES</u>			
Economic Development	\$ 38,212	\$ 21,481	\$ 59,693
Intergovernmental Expenditures	0	32,444	32,444
Total Expenditures	\$ 38,212	\$ 53,925	\$ 92,137
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,508	\$ 52,122	\$ 53,630
<u>FUND BALANCES</u> - Beginning of Year	6,187	0	6,187
<u>FUND BALANCES</u> - End of Year	\$ 7,695	\$ 52,122	\$ 59,817

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 10,515	\$ 7,900
Receivables		
Taxes	108	119
Accounts	125	140
Due from Component Units	0	4,964
Prepaid Expenditures	66	0
TOTAL ASSETS	<u>\$ 10,814</u>	<u>\$ 13,123</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 8	\$ 2,203
Accrued Expenditures	759	615
Due to Other Governments	2,244	3,999
Deferred Revenue	108	119
Total Liabilities	<u>\$ 3,119</u>	<u>\$ 6,936</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenditures	\$ 66	\$ 0
Unreserved	7,629	6,187
Total Fund Balance	<u>\$ 7,695</u>	<u>\$ 6,187</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,814</u>	<u>\$ 13,123</u>

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Tax	\$ 31,800	\$ 30,619	\$ 31,032
Interest and Rents			
Interest	\$ 700	\$ 802	\$ 155
Other Revenues			
DEQ Management Fee	\$ 5,000	\$ 5,000	\$ 5,000
Contributions from Private Sources	3,200	3,245	8,805
Refunds and Rebates	100	54	0
Total Other Revenues	\$ 8,300	\$ 8,299	\$ 13,805
Total Revenues	\$ 40,800	\$ 39,720	\$ 44,992
<u>EXPENDITURES</u>			
Economic Development			
Personal Services	\$ 22,000	\$ 22,808	\$ 22,508
Employee Benefits	7,500	2,849	2,523
Audit	700	700	700
Contractual Services	7,600	7,390	8,754
Postage	600	340	376
Printing and Publishing	1,400	1,695	690
Office Supplies	400	407	862
Travel and Education	0	8	35
Downtown Marketing	2,100	2,015	4,149
Total Expenditures	\$ 42,300	\$ 38,212	\$ 40,597
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (1,500)	\$ 1,508	\$ 4,395
<u>FUND BALANCE</u> - Beginning of Year	1,792	6,187	1,792
<u>FUND BALANCE</u> - End of Year	\$ 292	\$ 7,695	\$ 6,187

CITY OF CADILLAC, MICHIGAN

D.D.A. CAPITAL PROJECTS FUND

A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 37,122	\$ 39,353
Investments	45,043	0
Receivables		
Accrued Interest	1,487	0
Due from Other Governments	0	1,951
TOTAL ASSETS	<u>\$ 83,652</u>	<u>\$ 41,304</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 883	\$ 0
Due to Other Governments	30,647	36,340
Due to Component Units	0	4,964
Total Liabilities	\$ 31,530	\$ 41,304
<u>FUND BALANCE</u>		
Unreserved	52,122	0
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 83,652</u>	<u>\$ 41,304</u>

CITY OF CADILLAC, MICHIGAN
D.D.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 105,000	\$ 105,389	\$ 111,556
Interest and Rents			
Interest	2,500	658	265
Other Revenue			
Contributions and Donations from Private Sources	0	0	1,951
Total Revenues	<u>\$ 107,500</u>	<u>\$ 106,047</u>	<u>\$ 113,772</u>
<u>EXPENDITURES</u>			
Economic Development			
Construction	\$ 15,000	\$ 0	\$ 9,945
Contracted Services	20,400	21,481	23,324
Office Supplies	0	0	69
Intergovernmental Expenditures			
Public Works	71,000	32,444	111,182
Total Expenditures	<u>\$ 106,400</u>	<u>\$ 53,925</u>	<u>\$ 144,520</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 1,100	\$ 52,122	\$ (30,748)
<u>FUND BALANCE</u> - Beginning of Year	448	0	30,748
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,548</u>	<u>\$ 52,122</u>	<u>\$ 0</u>

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 1,167	\$ 1,167
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved	<u>1,167</u>	<u>1,167</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,167</u>	<u>\$ 1,167</u>

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>1,167</u>	<u>1,167</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 1,167</u></u>	<u><u>\$ 1,167</u></u>

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 10,311	\$ 5,729
Investments	90,362	90,291
Receivables		
Accrued Interest	1,128	1,472
Due from Other Governments	<u>0</u>	<u>1,900</u>
 TOTAL ASSETS	 <u>\$ 101,801</u>	 <u>\$ 99,392</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
 <u>FUND BALANCE</u>		
Unreserved	<u>101,801</u>	<u>99,392</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 101,801</u>	 <u>\$ 99,392</u>

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 0	\$ 1,659	\$ 1,441
Interest and Rents			
Interest on Investments	1,000	2,300	3,394
Total Revenues	\$ 1,000	\$ 3,959	\$ 4,835
<u>EXPENDITURES</u>			
Economic Development			
Contracted Services	\$ 10,200	\$ 750	\$ 1,000
Audit	800	800	800
Total Expenditures	\$ 11,000	\$ 1,550	\$ 1,800
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,000)	\$ 2,409	\$ 3,035
<u>FUND BALANCE</u> - Beginning of Year	96,357	99,392	96,357
<u>FUND BALANCE</u> - End of Year	\$ 86,357	\$ 101,801	\$ 99,392

CITY OF CADILLAC, MICHIGAN

1996 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1996 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<u>DATE OF ISSUE</u>	May 1, 1996		
<u>AMOUNT OF ISSUE</u>	\$ 230,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 95,000		
During Current Period	<u>20,000</u>	<u>115,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 115,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.50 %	\$ 20,000	\$ 3,162	\$ 23,162
April 1, 2007			2,612	2,612
October 1, 2007	5.50 %	20,000	2,612	22,612
April 1, 2008			2,063	2,063
October 1, 2008	5.50 %	25,000	2,063	27,063
April 1, 2009			1,375	1,375
October 1, 2009	5.50 %	25,000	1,375	26,375
April 1, 2010			687	687
October 1, 2010	5.50 %	<u>25,000</u>	<u>687</u>	<u>25,687</u>
		<u>\$ 115,000</u>	<u>\$ 16,636</u>	<u>\$ 131,636</u>

CITY OF CADILLAC, MICHIGAN

1997 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1997 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952 as amended.		
<u>DATE OF ISSUE</u>	May 1, 1997		
<u>AMOUNT OF ISSUE</u>	\$ 110,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 55,000		
During Current Period	<u>10,000</u>	<u>65,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2006		<u>\$ 45,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.30 %	\$ 15,000	\$ 1,200	\$ 16,200
April 1, 2007			802	802
October 1, 2007	5.35 %	15,000	802	15,802
April 1, 2008			401	401
October 1, 2008	5.35 %	<u>15,000</u>	<u>401</u>	<u>15,401</u>
		<u>\$ 45,000</u>	<u>\$ 3,606</u>	<u>\$ 48,606</u>

CITY OF CADILLAC, MICHIGAN

2000 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2000 Michigan Transportation Fund Bonds		
<u>PURPOSE</u>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<u>DATE OF ISSUE</u>	June 1, 2000		
<u>AMOUNT OF ISSUE</u>	\$ 300,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 45,000		
During Current Period	<u>15,000</u>	<u>60,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 240,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.40 %	\$ 20,000	\$ 6,585	\$ 26,585
April 1, 2007			6,045	6,045
October 1, 2007	5.40 %	20,000	6,045	26,045
April 1, 2008			5,505	5,505
October 1, 2008	5.45 %	25,000	5,505	30,505
April 1, 2009			4,824	4,824
October 1, 2009	5.45 %	25,000	4,824	29,824
April 1, 2010			4,142	4,142
October 1, 2010	5.50 %	25,000	4,142	29,142
April 1, 2011			3,455	3,455
October 1, 2011	5.50 %	25,000	3,455	28,455
April 1, 2012			2,768	2,768
October 1, 2012	5.50 %	30,000	2,768	32,768
April 1, 2013			1,943	1,943
October 1, 2013	5.55 %	35,000	1,943	36,943
April 1, 2014			971	971
October 1, 2014	5.55 %	<u>35,000</u>	<u>971</u>	<u>35,971</u>
		<u>\$ 240,000</u>	<u>\$ 65,891</u>	<u>\$ 305,891</u>

CITY OF CADILLAC, MICHIGAN

1997 BUILDING AUTHORITY BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	City of Cadillac Building Authority 1997 Building Authority Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public parking lot improvements in the City of Cadillac		
<u>DATE OF ISSUE</u>	December 1, 1997		
<u>AMOUNT OF ISSUE</u>	\$ 310,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 105,000		
During Current Period	<u>20,000</u>	<u>125,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 185,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	4.95 %	\$ 20,000	\$ 4,728	\$ 24,728
April 1, 2007			4,234	4,234
October 1, 2007	5.00 %	25,000	4,234	29,234
April 1, 2008			3,609	3,609
October 1, 2008	5.05 %	25,000	3,609	28,609
April 1, 2009			2,978	2,978
October 1, 2009	5.10 %	25,000	2,978	27,978
April 1, 2010			2,340	2,340
October 1, 2010	5.15 %	30,000	2,340	32,340
April 1, 2011			1,568	1,568
October 1, 2011	5.20 %	30,000	1,568	31,568
April 1, 2012			788	788
October 1, 2012	5.25 %	30,000	788	30,788
		<u>\$ 185,000</u>	<u>\$ 35,762</u>	<u>\$ 220,762</u>

CITY OF CADILLAC, MICHIGAN

2004 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	City of Cadillac 2004 General Obligation Capital Improvement Bonds
-----------------------	--

<u>PURPOSE</u>	For the purpose of paying all or part of acquiring and constructing various street improvements in the City, including all related appurtenances and attachments pursuant to Act 34, Public Acts of Michigan 2001.
----------------	--

<u>DATE OF ISSUE</u>	November 1, 2004
----------------------	------------------

<u>AMOUNT OF ISSUE</u>	\$ 995,000
------------------------	------------

<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 0		
During Current Period	<u>55,000</u>	<u>55,000</u>	

<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 940,000</u>
--	-------------------

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2006	2.20 %	\$ 55,000	\$ 16,421	\$ 71,421
March 1, 2007			15,816	15,816
September 1, 2007	2.35 %	55,000	15,816	70,816
March 1, 2008			15,170	15,170
September 1, 2008	2.60 %	55,000	15,170	70,170
March 1, 2009			14,455	14,455
September 1, 2009	2.90 %	60,000	14,455	74,455
March 1, 2010			13,585	13,585

CITY OF CADILLAC, MICHIGAN

2004 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

JUNE 30, 2006

	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
September 1, 2010	3.15 %	60,000	13,585	73,585
March 1, 2011			12,640	12,640
September 1, 2011	3.35 %	65,000	12,640	77,640
March 1, 2012			11,551	11,551
September 1, 2012	3.50 %	65,000	11,551	76,551
March 1, 2013			10,414	10,414
September 1, 2013	3.65 %	65,000	10,414	75,414
March 1, 2014			9,228	9,228
September 1, 2014	3.75 %	70,000	9,228	79,228
March 1, 2015			7,915	7,915
September 1, 2015	3.85 %	70,000	7,915	77,915
March 1, 2016			6,568	6,568
September 1, 2016	3.95 %	75,000	6,568	81,568
March 1, 2017			5,086	5,086
September 1, 2017	4.05 %	80,000	5,086	85,086
March 1, 2018			3,466	3,466
September 1, 2018	4.15 %	80,000	3,466	83,466
March 1, 2019			1,806	1,806
September 1, 2019	4.25 %	85,000	1,806	86,806
		<u>\$ 940,000</u>	<u>\$ 271,821</u>	<u>\$ 1,211,821</u>

CITY OF CADILLAC, MICHIGAN

1992 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1992 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<u>DATE OF ISSUE</u>	June 1, 1992		
<u>AMOUNT OF ISSUE</u>	\$ 360,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 315,000		
During Current Period	<u>25,000</u>	<u>340,000</u>	
<u>BALANCE OUTSTANDING</u> - June 30, 2006		<u>\$ 20,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	6.20 %	<u>\$ 20,000</u>	<u>\$ 620</u>	<u>\$ 20,620</u>

CITY OF CADILLAC, MICHIGAN

1993 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1993 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<u>DATE OF ISSUE</u>	June 1, 1993		
<u>AMOUNT OF ISSUE</u>	\$ 220,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 175,000		
During Current Period	<u>15,000</u>	<u>190,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 30,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.50 %	\$ 15,000	\$ 833	\$ 15,833
April 1, 2007			420	420
October 1, 2007	5.60 %	<u>15,000</u>	<u>420</u>	<u>15,420</u>
		<u>\$ 30,000</u>	<u>\$ 1,673</u>	<u>\$ 31,673</u>

CITY OF CADILLAC, MICHIGAN

1996 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	City of Cadillac 1996 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac
<u>DATE OF ISSUE</u>	May 1, 1996
<u>AMOUNT OF ISSUE</u>	\$ 425,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 280,000
During Current Period	<div style="display: flex; justify-content: space-between;"> 30,000 310,000 </div>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<div style="display: flex; justify-content: space-between;"> <u>\$ 115,000</u> </div>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.35 %	\$ 30,000	\$ 3,140	\$ 33,140
April 1, 2007			2,337	2,337
October 1, 2007	5.40 %	30,000	2,337	32,337
April 1, 2008			1,527	1,527
October 1, 2008	5.50 %	30,000	1,527	31,527
April 1, 2009			703	703
October 1, 2009	5.60 %	15,000	703	15,703
April 1, 2010			283	283
October 1, 2010	5.65 %	10,000	283	10,283
		<u>\$ 115,000</u>	<u>\$ 12,840</u>	<u>\$ 127,840</u>

CITY OF CADILLAC, MICHIGAN

1997 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	City of Cadillac 1997 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<u>DATE OF ISSUE</u>	May 1, 1997		
<u>AMOUNT OF ISSUE</u>	\$ 360,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 190,000		
During Current Period	<u>25,000</u>	<u>215,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 145,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	5.30 %	\$ 25,000	\$ 3,895	\$ 28,895
April 1, 2007			3,232	3,232
October 1, 2007	5.35 %	25,000	3,232	28,232
April 1, 2008			2,563	2,563
October 1, 2008	5.35 %	25,000	2,563	27,563
April 1, 2009			1,894	1,894
October 1, 2009	5.40 %	25,000	1,894	26,894
April 1, 2010			1,220	1,220
October 1, 2010	5.40 %	25,000	1,220	26,220
April 1, 2011			545	545
October 1, 2011	5.45 %	20,000	545	20,545
		<u>\$ 145,000</u>	<u>\$ 22,803</u>	<u>\$ 167,803</u>

CITY OF CADILLAC, MICHIGAN

2000 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

TITLE OF ISSUE City of Cadillac 2000 Special Assessment Limited Tax Bonds

PURPOSE Paying the cost of public improvements in certain Special Assessment Districts in the City of Cadillac

DATE OF ISSUE June 1, 2000

AMOUNT OF ISSUE \$ 210,000

AMOUNT REDEEMED

Prior to Current Period	\$ 85,000	
During Current Period	<u>20,000</u>	<u>105,000</u>

BALANCE OUTSTANDING - June 30, 2006 \$ 105,000

DUE DATES	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.40 %	\$ 20,000	\$ 2,861	\$ 22,861
April 1, 2007			2,322	2,322
October 1, 2007	5.40 %	20,000	2,322	22,322
April 1, 2008			1,781	1,781
October 1, 2008	5.45 %	15,000	1,781	16,781
April 1, 2009			1,373	1,373
October 1, 2009	5.45 %	20,000	1,373	21,373
April 1, 2010			827	827
October 1, 2010	5.50 %	5,000	827	5,827
April 1, 2011			690	690
October 1, 2011	5.50 %	5,000	690	5,690
April 1, 2012			553	553
October 1, 2012	5.50 %	10,000	553	10,553
April 1, 2013			277	277
October 1, 2013	5.55 %	5,000	277	5,277
April 1, 2014			139	139
October 1, 2014	5.55 %	5,000	139	5,139
		<u>\$ 105,000</u>	<u>\$ 18,785</u>	<u>\$ 123,785</u>

CITY OF CADILLAC, MICHIGAN

2002 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2002 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	For the purpose of constructing public improvements in certain Special Assessment Districts		
<u>DATE OF ISSUE</u>	June 1, 2002		
<u>AMOUNT OF ISSUE</u>	\$ 325,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 80,000		
During Current Period	<u>35,000</u>	<u>115,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 210,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	3.40 %	\$ 30,000	\$ 4,342	\$ 34,342
April 1, 2007			3,832	3,832
October 1, 2007	3.80 %	30,000	3,832	33,832
April 1, 2008			3,262	3,262
October 1, 2008	4.00 %	35,000	3,262	38,262
April 1, 2009			2,562	2,562
October 1, 2009	4.20 %	30,000	2,562	32,562
April 1, 2010			1,932	1,932
October 1, 2010	4.40 %	30,000	1,932	31,932
April 1, 2011			1,272	1,272
October 1, 2011	4.50 %	30,000	1,272	31,272
April 1, 2012			597	597
October 1, 2012	4.60 %	10,000	597	10,597
April 1, 2013			367	367
October 1, 2013	4.75 %	5,000	367	5,367
April 1, 2014			248	248
October 1, 2014	4.90 %	5,000	248	5,248
April 1, 2015			125	125
October 1, 2015	5.00 %	<u>5,000</u>	<u>125</u>	<u>5,125</u>
		<u>\$ 210,000</u>	<u>\$ 32,736</u>	<u>\$ 242,736</u>

CITY OF CADILLAC, MICHIGAN

1993 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	City of Cadillac Water Supply and Wastewater System Revenue Refunding Bonds, Series 1993		
<u>PURPOSE</u>	Paying the cost of refunding a portion of the City's Water Supply and Wastewater System Revenue Bonds, Series 1988 and the City's Water Supply and Wastewater System Revenue Bonds, Series 1989 and to pay the cost of issuance of the Bonds		
<u>DATE OF ISSUE</u>	July 1, 1993		
<u>AMOUNT OF ISSUE</u>	\$ 1,655,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 1,040,000		
During Current Period	<u>190,000</u>		<u>1,230,000</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>			<u>\$ 425,000</u>

DUE DATES	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
September 1, 2006	5.40 %	\$ 205,000	\$ 11,585	\$ 216,585
March 1, 2007			6,050	6,050
September 1, 2007	5.50 %	220,000	6,050	226,050
		<u>\$ 425,000</u>	<u>\$ 23,685</u>	<u>\$ 448,685</u>

CITY OF CADILLAC, MICHIGAN

1995 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE BONDS

JUNE 30, 2006

TITLE OF ISSUE City of Cadillac Water Supply and Wastewater System Revenue Bonds, Series 1995

PURPOSE To defray the cost of acquiring and constructing additions, improvements and extensions to the system. This bond is issued pursuant to an ordinance duly adopted by the City council of the City, under and in full compliance with the charter of the City and the constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended.

DATE OF ISSUE October 30, 1995

AMOUNT OF ISSUE \$ 2,300,000

<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 2,020,000		
During Current Period	<u>95,000</u>	<u>2,115,000</u>	

BALANCE OUTSTANDING - June 30, 2006 \$ 185,000

CALL PROVISIONS Scheduled redemption during years 2004-2007, with option to redeem resting with the Issuer, thereafter.

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2006	5.375 %	\$ 90,000	\$ 4,972	\$ 94,972
March 1, 2007			2,553	2,553
September 1, 2007	5.375 %	<u>95,000</u>	<u>2,553</u>	<u>97,553</u>
		<u>\$ 185,000</u>	<u>\$ 10,078</u>	<u>\$ 195,078</u>

CITY OF CADILLAC, MICHIGAN

1999 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE AND
REVENUE REFUNDING BONDS
JUNE 30, 2006

TITLE OF ISSUE City of Cadillac Water Supply and Wastewater System Revenue and Revenue Refunding Bonds, Series 1999

PURPOSE To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and wastewater system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1989, maturing in the years 2000, 2001 and 2008 on September 1, 1999, (3) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1993, maturing in the years 2000 through and including 2008 on September 1, 1999, and (4) paying certain expenses relating to the issuance of the Bonds.

DATE OF ISSUE May 5, 1999

AMOUNT OF ISSUE \$ 2,110,000

AMOUNT REDEEMED

Prior to Current Period	\$ 550,000	
During Current Period	<u>55,000</u>	<u>605,000</u>

BALANCE OUTSTANDING - June 30, 2006 \$ 1,505,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2006	4.05 %	\$ 60,000	\$ 34,773	\$ 94,773
March 1, 2007			33,557	33,557
September 1, 2007	4.15 %	60,000	33,557	93,557
March 1, 2008			32,313	32,313
September 1, 2008	4.25 %	305,000	32,313	337,313
March 1, 2009			25,831	25,831
September 1, 2009	4.35 %	5,000	25,831	30,831

CITY OF CADILLAC, MICHIGAN

1999 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE AND
REVENUE REFUNDING BONDS
JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
March 1, 2010			25,723	25,723
September 1, 2010	4.70 %	5,000	25,723	30,723
March 1, 2011			25,605	25,605
September 1, 2011	4.70 %	5,000	25,605	30,605
March 1, 2012			25,488	25,488
September 1, 2012	4.70 %	5,000	25,488	30,488
March 1, 2013			25,370	25,370
September 1, 2013	4.70 %	130,000	25,370	155,370
March 1, 2014			22,315	22,315
September 1, 2014	4.70 %	135,000	22,315	157,315
March 1, 2015			19,142	19,142
September 1, 2015	4.70 %	145,000	19,142	164,142
March 1, 2016			15,735	15,735
September 1, 2016	4.70 %	150,000	15,735	165,735
March 1, 2017			12,210	12,210
September 1, 2017	4.85 %	160,000	12,210	172,210
March 1, 2018			8,330	8,330
September 1, 2018	4.90 %	165,000	8,330	173,330
March 1, 2019			4,287	4,287
September 1, 2019	4.90 %	175,000	4,287	179,287
		<u>\$ 1,505,000</u>	<u>\$ 586,585</u>	<u>\$ 2,091,585</u>

CITY OF CADILLAC, MICHIGAN

2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDS

JUNE 30, 2006

TITLE OF ISSUE City of Cadillac Water and Sewer Revenue and Revenue Refunding Bonds, Series 2001

PURPOSE To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and sewer system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1995, maturing in the years 2008 through and including 2012 on August 22, 2001, and (3) paying certain expenses relating to the issuance of the Bonds.

DATE OF ISSUE August 1, 2001

AMOUNT OF ISSUE \$ 5,215,000

<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$	30,000	
During Current Period		<u>10,000</u>	<u>40,000</u>

<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 5,175,000</u>
--	--	---------------------

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2006	4.25 %	\$ 10,000	\$ 127,013	\$ 137,013
March 1, 2007			126,801	126,801
September 1, 2007	4.25 %	10,000	126,801	136,801
March 1, 2008			126,588	126,588
September 1, 2008	4.38 %	105,000	126,588	231,588
March 1, 2009			124,291	124,291
September 1, 2009	4.50 %	425,000	124,292	549,292
March 1, 2010			114,729	114,729
September 1, 2010	4.63 %	450,000	114,729	564,729
March 1, 2011			104,322	104,322

CITY OF CADILLAC, MICHIGAN

2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDS

JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2011	4.75 %	480,000	104,322	584,322
March 1, 2012			92,923	92,923
September 1, 2012	4.75 %	505,000	92,923	597,923
March 1, 2013			80,929	80,929
September 1, 2013	4.60 %	80,000	80,929	160,929
March 1, 2014			79,089	79,089
September 1, 2014	4.75 %	85,000	79,089	164,089
March 1, 2015			77,070	77,070
September 1, 2015	4.80 %	100,000	77,070	177,070
March 1, 2016			74,670	74,670
September 1, 2016	5.00 %	100,000	74,670	174,670
March 1, 2017			72,170	72,170
September 1, 2017	5.00 %	100,000	72,170	172,170
March 1, 2018			69,670	69,670
September 1, 2018	5.00 %	105,000	69,670	174,670
March 1, 2019			67,045	67,045
September 1, 2019	5.10 %	115,000	67,045	182,045
March 1, 2020			64,112	64,112
September 1, 2020	5.10 %	305,000	64,112	369,112
March 1, 2021			56,335	56,335
September 1, 2021	5.10 %	320,000	56,335	376,335
March 1, 2022			48,175	48,175
September 1, 2022	5.125 %	340,000	48,175	388,175
March 1, 2023			39,463	39,463
September 1, 2023	5.125 %	355,000	39,463	394,463
March 1, 2024			30,366	30,366
September 1, 2024	5.125 %	375,000	30,366	405,366
March 1, 2025			20,756	20,756
September 1, 2025	5.125 %	395,000	20,756	415,756
March 1, 2026			10,634	10,634
September 1, 2026	5.125 %	415,000	10,634	425,634
		<u>\$ 5,175,000</u>	<u>\$ 3,087,290</u>	<u>\$ 8,262,290</u>

CITY OF CADILLAC, MICHIGAN

1999 BUILDING AUTHORITY REFUNDING BONDS

JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1999 Building Authority Refunding Bonds
<u>PURPOSE</u>	For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1999
<u>DATE OF ISSUE</u>	February 2, 1999
<u>AMOUNT OF ISSUE</u>	\$ 1,265,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 70,000
During Current Period	15,000
	85,000
<u>BALANCE OUTSTANDING - June 30, 2006</u>	\$ 1,180,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2006	4.10 %	\$ 100,000	\$ 26,188	\$ 126,188
April 1, 2007			24,138	24,138
October 1, 2007	4.20 %	105,000	24,138	129,138
April 1, 2008			21,933	21,933
October 1, 2008	4.25 %	105,000	21,933	126,933
April 1, 2009			19,701	19,701
October 1, 2009	4.30 %	110,000	19,701	129,701
April 1, 2010			17,336	17,336
October 1, 2010	4.35 %	115,000	17,336	132,336
April 1, 2011			14,835	14,835
October 1, 2011	4.60 %	115,000	14,835	129,835
April 1, 2012			12,190	12,190

CITY OF CADILLAC, MICHIGAN

1999 BUILDING AUTHORITY REFUNDING BONDS

JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2012	4.60 %	125,000	12,190	137,190
April 1, 2013			9,315	9,315
October 1, 2013	4.60 %	130,000	9,315	139,315
April 1, 2014			6,325	6,325
October 1, 2014	4.60 %	135,000	6,325	141,325
April 1, 2015			3,220	3,220
October 1, 2015	4.60 %	140,000	3,220	143,220
		<u>\$ 1,180,000</u>	<u>\$ 284,174</u>	<u>\$ 1,464,174</u>

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT

STATEMENT OF 2005 TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
Wexford County	\$ 212,094,526	8.0665	\$ 1,710,784	\$ 1,618,006	\$ 92,778
Cadillac Area Public Schools					
Operating	119,156,372	17.5505	2,092,395	2,007,483	84,912
Debt Retirement	212,094,526	3.9000	827,123	787,548	39,575
State Education Tax	212,094,526	6.0000	1,268,717	1,229,970	38,747
Wexford-Missaukee Intermediate School District	212,094,526	5.9614	1,264,117	1,185,429	78,688
Cadillac-Wexford Transit Authority	212,094,526	0.3948	83,709	78,501	5,208
Cadillac-Wexford Public Library	212,094,526	0.6805	144,306	135,326	8,980
Wexford County Council on Aging	212,094,526	0.9913	210,223	197,141	13,082
City of Cadillac					
General Fund	212,094,526	13.9473	2,957,945	2,860,672	97,273
Policemen and Firemen					
Retirement System	212,094,526	1.8000	381,729	369,175	12,554
Public Improvement					
Special Assessments			237,145	213,062	24,083
Water and Sewer Delinquent Accounts			9,204	6,819	2,385
Unpaid Invoices			4,782	3,913	869
Razed Buildings			20,950	0	20,950
			<u>\$ 11,213,129</u>	<u>\$ 10,693,045</u>	<u>\$ 520,084</u>

CITY OF CADILLAC, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF 2005 TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 1,602,365	8.0665	\$ 12,925	\$ 0	\$ 12,925	\$ (12,925)	\$ 0
Cadillac Area Public Schools							
Operating	1,602,365	17.5505	28,122	0	28,122	0	28,122
Debt Retirement	1,602,365	3.9000	6,249	0	6,249	0	6,249
State Education Tax	1,602,365	6.0000	9,614	0	9,614	0	9,614
Wexford-Missaukee Intermediate							
School District	1,602,365	5.9614	9,552	0	9,552	0	9,552
Cadillac-Wexford Transit Authority	1,602,365	0.3948	633	0	633	(633)	0
Cadillac-Wexford Public Library	1,602,365	0.6805	1,090	0	1,090	(1,090)	0
Wexford County Council on Aging	1,602,365	0.9913	1,588	0	1,588	(1,588)	0
Local Development Finance Authority							
Capture	(1,602,365)	25.8804	0	0	0	41,469	41,469
Groundwater Treatment							
Special Assessments			196,482	2,935	193,547	0	193,547
City of Cadillac							
General Fund	1,602,365	13.9473	22,349	0	22,349	(22,349)	0
Policemen and Firemen							
Retirement System	1,602,365	1.8000	2,884	0	2,884	(2,884)	0
			<u>\$ 291,488</u>	<u>\$ 2,935</u>	<u>\$ 288,553</u>	<u>\$ 0</u>	<u>\$ 288,553</u>

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF 2005 TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY DDA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 15,677,423	8.0665	\$ 126,462	\$ 8,464	\$ 117,998	\$ (32,848)	\$ 85,150
Cadillac Area Public Schools							
Operating	15,677,423	17.5505	275,147	18,415	256,732	0	256,732
Debt Retirement	15,677,423	3.9000	61,142	4,092	57,050	0	57,050
State Education Tax	15,677,423	6.0000	94,065	6,296	87,769	0	87,769
Wexford-Missaukee Intermediate							
School District	15,677,423	5.9614	93,459	6,255	87,204	0	87,204
Cadillac-Wexford Transit Authority	15,677,423	0.3948	6,189	414	5,775	(1,608)	4,167
Cadillac-Wexford Public Library	15,677,423	0.6805	10,668	714	9,954	(2,771)	7,183
Wexford County Council on Aging	15,677,423	0.9913	15,541	1,040	14,501	(4,037)	10,464
Downtown Development Authority							
Special Assessments	15,677,423	1.9548	30,645	2,051	28,594	0	28,594
Capture	(4,194,423)	25.8804	0	0	0	105,388	105,388
City of Cadillac							
General Fund	15,677,423	13.9473	218,658	14,634	204,024	(56,794)	147,230
Policemen and Firemen Retirement System	15,677,423	1.8000	28,219	1,889	26,330	(7,330)	19,000
			\$ 960,195	\$ 64,264	\$ 895,931	\$ 0	\$ 895,931

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT DISTRICT
STATEMENT OF 2005 TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY BROWNFIELD	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 13,803	8.06650	\$ 111	\$ 0	\$ 111	\$ (111)	\$ 0
Cadillac Area Public Schools							
Operating	55,900	17.55050	981	0	981	(981)	0
Debt Retirement	13,803	3.90000	54	0	54	0	54
State Education Tax	13,803	6.00000	83	0	83	0	83
Wexford-Missaukee Intermediate							
School District	61,126	5.96140	321	0	321	(321)	0
Cadillac-Wexford Transit Authority	13,803	0.39480	5	0	5	(5)	0
Cadillac-Wexford Public Library	13,803	0.68050	9	0	9	(9)	0
Wexford County Council on Aging	13,803	0.99130	14	0	14	(14)	0
Brownfield Redevelopment District Capture							
Intermediated School District	53,813	5.96140	0	0	0	321	321
Cadillac Area Public Schools	55,900	17.55050	0	0	0	981	981
All Other Levies	13,803	31.84180	0	0	0	357	357
City of Cadillac							
General Fund	13,803	13.94730	193	0	193	(193)	0
Policemen and Firemen Retirement System	13,803	1.80000	25	0	25	(25)	0
			<u>\$ 1,796</u>	<u>\$ 0</u>	<u>\$ 1,796</u>	<u>\$ 0</u>	<u>\$ 1,796</u>

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT
STATEMENT OF 2005 INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
Wexford County	\$ 22,891,433	4.03325	\$ 92,326	\$ 92,045	\$ 281
Cadillac Area Public Schools					
Operating (State Share)					
Prior to Proposal A	2,960,753	16.60000	49,149	49,149	0
After Proposal A	19,930,680	8.77525	174,881	174,270	611
Debt Retirement	22,891,433	1.95000	44,638	44,502	136
State Education Tax	17,686,580	6.00000	106,120	105,702	418
Wexford-Missaukee Intermediate					
School District					
Operating	22,891,433	0.13650	3,124	3,124	0
State Share	22,891,433	2.84420	65,106	64,899	207
Cadillac-Wexford Transit Authority	22,891,433	0.19740	4,518	4,504	14
Cadillac-Wexford Public Library	22,891,433	0.34025	7,790	7,766	24
Wexford County Council on Aging	22,891,433	0.49565	11,347	11,312	35
City of Cadillac					
General Fund	22,891,433	6.97365	159,634	159,149	485
Policemen and Firemen					
Retirement System	22,891,433	0.90000	20,603	20,540	63
			<u>\$ 739,236</u>	<u>\$ 736,962</u>	<u>\$ 2,274</u>

CITY OF CADILLAC, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF 2005 INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2006

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 1,382,753	4.03325	\$ 5,577	\$ 0	\$ 5,577	\$ (5,577)	\$ 0
Cadillac Area Public Schools							
Operating (State Share)							
Prior to Proposal A	(377,200)	16.60000	(6,262)	0	(6,262)	0	(6,262)
After Proposal A	1,759,953	8.77525	15,444	0	15,444	0	15,444
Debt Retirement	1,382,753	1.95000	2,696	0	2,696	0	2,696
State Education Tax	(1,759,953)	6.00000	10,560	0	10,560	0	10,560
Wexford-Missaukee Intermediate School District							
Operating	1,382,753	0.13650	189	0	189	0	189
State Share	1,382,753	2.84420	3,933	0	3,933	0	3,933
Cadillac-Wexford Transit Authority	1,382,753	0.19740	273	0	273	(273)	0
Cadillac-Wexford Public Library	1,382,753	0.34025	470	0	470	(471)	(1)
Wexford County Council on Aging	1,382,753	0.49565	685	0	685	(685)	0
Local Development Finance Authority Capture			0	0	0	17,893	17,893
City of Cadillac							
General Fund	1,382,753	6.97365	9,643	0	9,643	(9,643)	0
Policemen and Firemen Retirement System	1,382,753	0.80000	1,244	0	1,244	(1,244)	0
			\$ 44,452	\$ 0	\$ 44,452	\$ 0	\$ 44,452

STATISTICAL SECTION

This part of the City of Cadillac's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	261-266
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	267-270
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	271-275
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	276-277
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	278-280
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other Schedules	281-295

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CADILLAC, MICHIGAN
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<i>Fiscal Year</i>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 10,989	\$ 11,190	\$ 11,980	\$ 12,563
Restricted	981	495	457	792
Unrestricted	6,229	6,826	6,537	5,907
Total governmental activities net assets	<u>\$ 18,199</u>	<u>\$ 18,511</u>	<u>\$ 18,974</u>	<u>\$ 19,262</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 10,128	\$ 11,219	\$ 11,317	\$ 11,404
Restricted	1,982	1,964	2,048	1,656
Unrestricted	2,950	2,114	1,756	2,384
Total business-type activities net assets	<u>\$ 15,060</u>	<u>\$ 15,297</u>	<u>\$ 15,121</u>	<u>\$ 15,444</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 21,117	\$ 22,409	\$ 23,297	\$ 23,967
Restricted	2,963	2,459	2,505	2,448
Unrestricted	9,179	8,940	8,293	8,291
Total primary government net assets	<u>\$ 33,259</u>	<u>\$ 33,808</u>	<u>\$ 34,095</u>	<u>\$ 34,706</u>

CITY OF CADILLAC, MICHIGAN
CHANGE IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<i>Fiscal Year</i>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Expenses</i>				
Governmental Activities:				
General Government	\$ 1,328	\$ 1,672	\$ 1,695	\$ 2,313
Public Safety	2,623	2,908	3,322	3,403
Public Works	2,218	2,340	2,300	1,834
Recreation and Culture	457	214	285	417
Redevelopment and Housing	191	56	119	51
Economic Development/Assistance	50	268	85	74
Intergovernmental	97	97	100	0
Interest on Long-Term Debt	133	176	61	118
Total Governmental Activities Expenses	<u>\$ 7,097</u>	<u>\$ 7,731</u>	<u>\$ 7,967</u>	<u>\$ 8,210</u>
Business-Type Activities:				
Water and Sewer	\$ 3,201	\$ 3,312	\$ 3,473	\$ 3,605
Automobile Parking System	138	144	143	131
Building Authority Operating	54	48	50	48
Total Business-Type Activities Expenses	<u>\$ 3,393</u>	<u>\$ 3,504</u>	<u>\$ 3,666</u>	<u>\$ 3,784</u>
Total Primary Government Expenses	<u><u>\$ 10,490</u></u>	<u><u>\$ 11,235</u></u>	<u><u>\$ 11,633</u></u>	<u><u>\$ 11,994</u></u>
<i>Program Revenues</i>				
Governmental Activities:				
Charges For Services:				
General Government	\$ 402	\$ 405	\$ 416	\$ 464
Public Safety	780	767	374	401
Public Works	0	0	389	490
Operating Grants and Contributions	878	1,072	970	1,031
Capital Grants and Contributions	1,426	905	739	505
Total Governmental Activities Program Revenues	<u>\$ 3,486</u>	<u>\$ 3,149</u>	<u>\$ 2,888</u>	<u>\$ 2,891</u>

	<i>Fiscal Year</i>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Business-Type Activities:				
Charges for Services:				
Water and Sewer System	\$ 3,037	\$ 3,258	\$ 3,395	\$ 3,670
Automobile Parking System	196	196	196	196
Building Authority Operating	44	44	46	50
Operating Grants and Contributions	0	0	14	0
Capital Grants and Contributions	50	213	0	76
Total Business-Type Activities Program Revenues	<u>\$ 3,327</u>	<u>\$ 3,711</u>	<u>\$ 3,651</u>	<u>\$ 3,992</u>
Total Primary Government Program Revenues	<u>\$ 6,813</u>	<u>\$ 6,860</u>	<u>\$ 6,539</u>	<u>\$ 6,883</u>

General Revenues and Other Changes in

Net Assets

Governmental Activities:				
Property Taxes	\$ 3,205	\$ 3,547	\$ 3,667	\$ 4,188
State Shared Revenue - Unrestricted	1,163	1,147	1,066	1,055
Investment Earnings - Unrestricted	224	135	182	215
Gain (Loss) on Sale of Capital Assets	16	(2)	16	134
Other	142	8	14	14
Transfers	(193)	0	0	0
Special Items	0	0	212	0
Total Governmental Activities	<u>\$ 4,557</u>	<u>\$ 4,835</u>	<u>\$ 5,157</u>	<u>\$ 5,606</u>

Business-Type Activities				
Investment Earnings - Unrestricted	\$ 54	\$ 66	\$ 90	\$ 115
Gain (Loss) on Sale of Capital Assets	0	(36)	0	0
Transfers	255	0	0	0
Total Business-Type Activities	<u>\$ 309</u>	<u>\$ 30</u>	<u>\$ 90</u>	<u>\$ 115</u>
Total Primary Government	<u>\$ 4,866</u>	<u>\$ 4,865</u>	<u>\$ 5,247</u>	<u>\$ 5,721</u>

Change in Net Assets

Governmental Activities	\$ 946	\$ 253	\$ 78	\$ 287
Business-Type Activities	243	237	75	323
Total Primary Government	<u>\$ 1,189</u>	<u>\$ 490</u>	<u>\$ 153</u>	<u>\$ 610</u>

CITY OF CADILLAC, MICHIGAN
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved	\$ 169,940	\$ 142,740	\$ 102,042	\$ 79,838	\$ 45,422	\$ 54,960	\$ 154,162	\$ 338,335	\$ 143,221	\$ 170,765
Unreserved	738,583	848,367	862,509	998,011	864,736	657,674	984,548	1,022,612	1,159,268	1,365,783
Total General Fund	<u>\$ 908,523</u>	<u>\$ 991,107</u>	<u>\$ 964,551</u>	<u>\$ 1,077,849</u>	<u>\$ 910,158</u>	<u>\$ 712,634</u>	<u>\$ 1,138,710</u>	<u>\$ 1,360,947</u>	<u>\$ 1,302,489</u>	<u>\$ 1,536,548</u>
All Other Governmental Funds										
Reserved	\$ 1,582,995	\$ 1,417,474	\$ 1,272,837	\$ 1,416,485	\$ 1,051,026	\$ 1,286,653	\$ 2,302,924	\$ 2,096,445	\$ 2,053,122	\$ 2,189,636
Unreserved, reported in:										
Special Revenue Funds	671,341	891,763	1,072,074	2,161,666	2,325,242	2,357,246	2,138,562	2,159,694	2,593,396	2,115,529
Total All Other Governmental Funds	<u>\$ 2,254,336</u>	<u>\$ 2,309,237</u>	<u>\$ 2,344,911</u>	<u>\$ 3,578,151</u>	<u>\$ 3,376,268</u>	<u>\$ 3,643,899</u>	<u>\$ 4,441,486</u>	<u>\$ 4,256,139</u>	<u>\$ 4,646,518</u>	<u>\$ 4,305,165</u>

CITY OF CADILLAC, MICHIGAN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Taxes and Special Assessments	\$2,828,652	\$2,907,263	\$3,019,776	\$3,020,518	\$3,076,836	\$3,169,173	\$3,432,606	\$3,752,186	\$3,851,994	\$4,353,294
Licenses and Permits	52,919	49,789	67,702	1,935	1,700	1,455	940	1,390	1,160	1,345
Federal Grants	287,829	272,441	756,253	518,532	972,834	717,706	800,708	132,878	551,158	286,568
State Grants	1,940,554	2,254,940	2,408,901	2,078,448	2,305,913	2,198,060	2,448,492	2,271,457	1,975,966	2,062,398
Contributions from Local Units	96,116	112,566	117,291	150,990	128,628	182,121	216,529	210,905	290,625	223,321
Charges for Services	680,699	704,540	778,014	785,258	789,248	799,010	931,470	919,017	921,931	1,086,646
Fines and Forfeits	28,681	37,172	29,288	27,962	27,175	29,316	28,226	36,247	35,306	28,110
Interest and Rents	516,756	534,548	519,775	517,884	536,806	492,843	293,478	208,833	249,077	282,366
Gain (Loss) on Investments	0	0	0	0	0	0	542	124,939	28,978	56,275
Other Revenue	303,705	409,484	372,138	1,177,897	456,707	369,293	631,093	577,932	350,624	492,252
Total Revenues	\$6,735,911	\$7,282,743	\$8,069,138	\$8,279,424	\$8,295,847	\$7,958,977	\$8,784,084	\$8,235,784	\$8,256,819	\$8,872,575
Expenditures										
General Government	\$1,148,574	\$1,243,528	\$1,334,440	\$1,345,093	\$1,485,144	\$1,575,793	\$1,364,291	\$1,892,716	\$1,674,851	\$1,691,254
Public Safety	2,393,172	2,437,941	2,473,027	2,748,774	2,713,177	2,603,464	2,670,927	2,824,591	3,132,114	3,612,327
Public Works	2,171,414	1,929,315	2,144,587	1,725,089	2,795,225	2,033,717	2,560,945	2,115,134	2,621,945	2,337,285
Culture and Recreation	128,461	140,278	135,505	189,685	280,963	344,621	654,700	354,368	418,927	268,500
Redevelopment and Housing	148,649	93,758	106,839	89,180	92,554	85,637	192,495	57,426	119,110	51,964
Economic Development	66,993	647,838	575,478	381,831	360,294	42,247	40,149	257,993	73,528	57,593
Capital Outlay	84,055	30,147	483,767	158,231	85,945	479,346	262,902	271,730	122,759	127,120
Intergovernmental	238,335	253,542	248,816	290,772	287,015	285,105	295,177	309,852	306,387	316,748
Debt Service										
Principal	289,500	367,000	359,500	641,387	348,500	412,760	292,907	313,679	322,404	395,443
Interest	246,741	256,644	233,374	224,985	213,750	211,881	112,080	102,365	101,871	116,395
Other Charges	0	0	68,590	0	0	0	6,120	6,040	26,002	5,240
Total Expenditures	\$6,915,894	\$7,399,991	\$8,163,923	\$7,795,027	\$8,662,567	\$8,074,571	\$8,452,693	\$8,505,894	\$8,919,898	\$8,979,869

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other Financing Sources (Uses)										
Transfers In	\$ 857,848	\$1,122,177	\$1,071,136	\$1,004,848	\$1,667,877	\$1,147,028	\$1,208,058	\$ 765,974	\$ 716,087	\$ 817,632
Transfers Out	(822,181)	(1,078,500)	(1,003,317)	(924,856)	(1,625,750)	(1,054,664)	(1,400,791)	(765,974)	(716,087)	(817,632)
Bond Proceeds	470,000	310,000	50,158	510,000	0	321,750	0	0	995,000	0
Loan Proceeds	0	0	163,000	272,149	0	0	231,905	307,000	0	0
Total Other Financing Sources (Uses)	<u>\$ 505,667</u>	<u>\$ 353,677</u>	<u>\$ 280,977</u>	<u>\$ 862,141</u>	<u>\$ 42,127</u>	<u>\$ 414,114</u>	<u>\$ 39,172</u>	<u>\$ 307,000</u>	<u>\$ 995,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ 325,684</u>	<u>\$ 236,429</u>	<u>\$ 186,192</u>	<u>\$1,346,538</u>	<u>\$ (324,593)</u>	<u>\$ 298,520</u>	<u>\$ 370,563</u>	<u>\$ 36,890</u>	<u>\$ 331,921</u>	<u>\$ (107,294)</u>
Debt Service as a percentage of non-capital expenditures	7.85%	8.46%	8.61%	11.34%	6.56%	8.22%	5.02%	5.13%	5.12%	5.84%

CITY OF CADILLAC, MICHIGAN
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
1997	\$130,428,194	\$ 31,998,600	\$ 162,426,794	\$ 391,131,998	41.53%	\$ 13.9200
1998	134,086,505	32,023,100	166,109,605	397,886,136	41.75%	13.9600
1999	138,456,334	35,290,222	173,746,556	411,683,512	42.20%	13.9600
2000	143,791,718	33,979,991	177,771,709	398,922,200	44.56%	14.0900
2001	153,053,692	35,377,232	188,430,924	429,828,200	43.84%	14.0371
2002	165,243,210	31,372,200	196,615,410	470,913,500	41.75%	13.9907
2003	168,351,258	43,240,100	211,591,358	508,916,600	41.58%	13.9473
2004	178,542,129	42,307,800	220,849,929	544,632,400	40.55%	13.9473
2005	184,439,086	44,176,605	228,615,691	572,448,210	39.94%	13.9473
2006	195,913,798	57,748,505	253,662,303	598,120,000	42.41%	13.9473

Source: City of Cadillac Treasurer's Office

Note: Property in the City is reassessed each year. Property is assessed at 50% of estimated actual value. Due to State legislation, however, annual increases in taxable value are limited to 5% or a state-determined rate of inflation, whichever is less. When homes are sold, taxable values are then "uncapped" and brought up to their assessed value. Tax rates are per \$1,000 of taxable value.

CITY OF CADILLAC, MICHIGAN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct Tax Rates			Overlapping Tax Rates ^a							Total Direct & Overlapping Rates
	City of Cadillac			Wexford County				Cadillac Area Public Schools	Wexford Missaukee Intermediate Schools	State Education Tax	
	General	Police & Fire Retirement	Total City	Wexford County	Cadillac- Wexford Transit Authority	Council on Aging	Wexford County Library				
1997	13.9600	1.5000	15.4600	8.3718	0.3772	0.4000	0.5000	23.1000	6.1500	6.0000	60.3590
1998	13.9600	1.3000	15.2600	8.3718	0.4000	1.0000	0.5000	22.4000	6.1500	6.0000	60.0818
1999	14.0900	1.1000	15.1900	8.3383	0.3984	0.9960	0.5500	22.2717	6.1232	6.0000	59.8676
2000	14.0371	1.0000	15.0371	8.2506	0.3942	0.9960	0.5500	20.5594	6.0882	6.0000	57.8755
2001	13.9907	1.0000	14.9907	8.2506	0.3942	0.9913	0.5500	21.7149	6.0882	6.0000	58.9799
2002	13.9473	1.4000	15.3473	8.1678	0.4000	0.9950	0.6500	21.3763	6.0388	6.0000	58.9752
2003	13.9473	1.6000	15.5473	8.1040	0.3910	0.9872	0.6838	21.3005	6.0000	5.0000	58.0138
2004	13.9473	1.8000	15.7473	8.0893	0.3960	0.9942	0.6825	21.4505	5.9853	6.0000	59.3451
2005	13.9473	1.8000	15.7473	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	59.2923
2006	13.9473	2.7000	16.6473	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16.6473

Source: City of Cadillac Treasurer's Office

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Cadillac.

CITY OF CADILLAC, MICHIGAN
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2006			1997		
	Taxable	Rank	Percentage of Total City Taxable Value ^a	Taxable	Rank	Percentage of Total City Taxable Value ^b
	Value			Value		
Cadillac Renewable Energy ^c	\$ 11,311,600	1	4.46%	\$ 17,082,100	2	10.52%
Cadillac Casting ^d	6,938,100	2	2.74%	17,887,700	1	11.01%
Cadillac Rubber & Plastics	7,181,334	3	2.83%	7,570,700	3	4.66%
Consumers Energy	5,887,587	4	2.32%	4,489,200	7	2.76%
Rexair, Inc.	5,516,058	5	2.17%	6,975,400	4	4.29%
Michigan Rubber Products	4,775,254	6	1.88%	4,591,400	5	2.83%
AAR Cadillac Manufacturing	4,822,958	7	1.90%			
Paulstra CRC Corporation	4,190,394	8	1.65%			
Four Winns Boats, LLC	3,468,988	9	1.37%	3,728,300	9	2.30%
FIAMM Technologies, Inc.	4,849,016	10	1.91%	3,810,700	8	2.35%
Transpro Group				4,515,300	6	2.78%
Michigan Consolidated Gas Co.				2,587,400	10	1.59%
Totals	<u>\$ 58,941,289</u>		<u>23.24%</u>	<u>\$ 73,238,200</u>		<u>45.09%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$253,662,303.

^b Based on total taxable value of \$162,426,794.

^c In 1997, owned by Beaver MI Associates LTD Partnership

^d In 1997, owned by CMI Cast Parts

CITY OF CADILLAC, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date ^a	
		Fiscal year of Levy Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 2,678,943	\$ 2,550,403	95.20%	\$ 128,540	\$ 2,678,943	100.00%
1998	2,760,777	2,614,120	94.69%	146,657	2,760,777	100.00%
1999	2,785,428	2,641,637	94.84%	143,791	2,785,428	100.00%
2000	2,879,032	2,740,866	95.20%	138,166	2,879,032	100.00%
2001	3,107,601	2,950,978	94.96%	156,623	3,107,601	100.00%
2002	3,167,040	3,029,463	95.66%	137,577	3,167,040	100.00%
2003	3,265,098	3,136,141	96.05%	128,957	3,265,098	100.00%
2004	3,481,675	3,364,230	96.63%	117,445	3,481,675	100.00%
2005	3,648,449	3,529,267	96.73%	119,182	3,648,449	100.00%
2006	3,803,126	3,691,936	97.08%	111,190	3,803,126	100.00%

Source: City of Cadillac Treasurer's Office

^a In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer. Delinquent personal properties remain with the City, but these amounts are negligible.

CITY OF CADILLAC, MICHIGAN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ¹</u>	<u>Per Capita ¹</u>
	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Other Debt ²</u>	<u>Water & Sewer Revenue Bonds</u>	<u>Building Authority Revenue Bonds</u>			
1997	\$ 810	\$ 1,843	\$ 669	\$ 5,465	\$ 1,690	\$ 10,477	5.47%	\$ 1,037
1998	1,050	1,647	544	5,245	1,635	10,121	5.07%	1,002
1999	960	1,445	620	6,145	1,740	10,910	5.12%	1,080
2000	1,175	1,205	893	5,890	1,670	10,833	0.49%	1,083
2001	1,080	1,060	776	5,620	1,600	10,136	4.65%	1,014
2002	985	1,240	671	8,615	1,525	13,036	5.83%	1,304
2003	890	1,075	963	8,530	1,225	12,683	5.57%	1,268
2004	785	925	1,255	7,975	1,365	12,305	5.14%	1,231
2005	1,665	775	1,036	7,640	1,275	12,391	N/A	1,239
2006	1,525	625	928	7,290	1,180	11,548	N/A	1,155

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics on page 276 for personal income and population data.

² Other debt includes City obligations to the State of Michigan for two community development loans, three internal loans, and accrued and unused paid leave for City employees.

CITY OF CADILLAC, MICHIGAN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Less: Amount</u> <u>Available in Debt</u> <u>Service Funds</u>	<u>Total</u>	<u>Percentage of</u> <u>Estimated</u> <u>Actual Taxable</u> <u>Value¹ of</u> <u>Property</u>	<u>Per</u> <u>Capita²</u>
1997	\$ 810	\$ 6	\$ 804	0.495%	\$ 79.57
1998	1,050	2	1,048	0.631%	103.72
1999	960	8	952	0.548%	94.22
2000	1,175	8	1,167	0.656%	116.70
2001	1,080	14	1,066	0.566%	106.60
2002	985	13	972	0.494%	97.20
2003	890	7	883	0.417%	88.30
2004	785	10	775	0.351%	77.50
2005	1,665	9	1,656	0.724%	165.60
2006	1,525	6	1,519	0.599%	151.90

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements.

¹ See the Schedule of Taxable Value and Estimated Actual Value of Taxable Property on page 267 for property value data.

² See the Schedule of Demographic and Economic Statistics on page 276 for personal income and population data.

CITY OF CADILLAC, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2006
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wexford County	\$ 5,080	27.89%	\$ 1,417
Cadillac Area Public Schools	12,755	38.70%	4,936
Subtotal Overlapping Debt			<u>\$ 6,353</u>
City of Cadillac Direct Debt			1,519
Total Direct and Overlapping Debt			<u><u>\$ 7,872</u></u>

Sources: Taxable value data used to estimate applicable percentages provided by the Wexford County Equalization Department. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cadillac. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of each government's taxable value that is within the City of Cadillac's boundaries and then dividing it by the unit's total taxable value. Total taxable values of each unit are:

<i>City of Cadillac Taxable Value:</i>	<i>\$253,662,303</i>
<i>Wexford County Taxable Value:</i>	<i>\$909,599,769</i>
<i>CAPS Taxable Value:</i>	<i>\$655,453,525</i>

CITY OF CADILLAC, MICHIGAN
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 16,243	\$ 16,611	\$ 17,375	\$ 17,777	\$ 18,843	\$ 19,662	\$ 21,159	\$ 22,085	\$ 22,862	\$ 23,652
Total net debt applicable to limit	804	1,048	952	1,167	1,066	972	883	775	1,656	1,519
Legal debt margin	<u>\$ 15,439</u>	<u>\$ 15,563</u>	<u>\$ 16,423</u>	<u>\$ 16,610</u>	<u>\$ 17,777</u>	<u>\$ 18,690</u>	<u>\$ 20,276</u>	<u>\$ 21,310</u>	<u>\$ 21,206</u>	<u>\$ 22,133</u>
Total net debt applicable to the limit as a percentage of debt limit	4.95%	6.31%	5.48%	6.56%	5.66%	4.94%	4.17%	3.51%	7.24%	6.42%

Legal Debt Margin Calculation for Fiscal Year 2006

Taxable Value	<u>\$ 253,662</u>
Statutory Debt Limit (10%) of total taxable value)	\$ 25,366
Debt Applicable to Limit:	
Gross Bonded Debt and Other Long-Term Debt	11,548
Less:	
Assets Available for Debt Service	6
Bond Debt not Subject to Limit:	
Special Assessment Bonds	625
Revenue Bonds	8,470
Other Debt	<u>928</u>
	10,029
Total Amount of Debt Applicable to Debt Limit	<u>1,519</u>
Legal Debt Margin	<u>\$ 23,847</u>

Note: Under State finance law, the City of Cadillac's outstanding general obligation debt should not exceed 10 percent of total taxable property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF CADILLAC, MICHIGAN
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water & Sewer Revenue Bonds</u>						<u>Special Assessment Bonds</u>			
	<u>Water & Sewer Revenue</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>	
1997	\$ 2,658	\$ 1,683	\$ 975	\$ 200	\$ 328	1.85	\$ 234	\$ 162	\$ 89	0.93
1998	2,738	1,737	1,001	220	314	1.87	249	196	98	0.85
1999	2,817	1,734	1,083	225	315	2.01	275	202	89	0.95
2000	3,185	1,840	1,345	255	315	2.36	260	474	82	0.47
2001	3,241	1,810	1,431	270	289	2.56	248	171	66	1.05
2002	3,330	1,982	1,348	280	278	2.42	282	200	61	1.08
2003	3,088	2,111	977	310	414	1.35	375	178	60	1.58
2004	3,321	2,193	1,128	330	399	1.55	408	150	52	2.02
2005	3,480	2,284	1,196	335	383	1.67	420	150	44	2.16
2006	3,777	2,460	1,317	350	366	1.84	416	150	35	2.25

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements. Water and Sewer revenues includes investment earnings. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF CADILLAC, MICHIGAN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Fiscal</u> <u>Year</u>	<u>Population</u> ¹	<u>Personal</u> <u>Income</u> (amounts expressed in thousands)	<u>Per</u> <u>Capita</u> <u>Personal</u> <u>Income</u> ²	<u>School</u> <u>Enrollment</u> ³	<u>Local</u> <u>Unemployment</u> <u>Percentage</u> <u>Rate</u> ⁴	<u>State</u> <u>Unemployment</u> <u>Percentage</u> <u>Rate</u> ⁴	<u>Civilian</u> <u>Labor</u> <u>Force</u> ⁴
1997	10,104	\$ 191,582	\$ 18,961	3,980	8.9	4.3	20,561
1998	10,104	199,574	19,752	3,834	8.2	4.0	20,802
1999	10,104	213,114	21,092	3,787	6.4	3.8	22,267
2000	10,000	221,670	22,167	3,608	6.4	3.7	22,596
2001	10,000	217,780	21,778	3,514	9.4	5.2	21,836
2002	10,000	223,750	22,375	3,465	8.3	6.2	21,369
2003	10,000	227,810	22,781	3,639	9.8	7.1	21,298
2004	10,000	239,200	23,920	3,674	8.2	7.0	21,553
2005	10,000	N/A	N/A	3,614	7.3	6.7	21,707
2006	10,000	N/A	N/A	3,479	7.9	7.1	22,088

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

⁴ Michigan Department of Labor & Economic Growth

Note: Personal income information is a total for the year. Unemployment rate is a seasonally adjusted yearly average. School enrollment is based on the school census at the start of the school year and includes public and private schools.

CITY OF CADILLAC, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Four Winns Boats	870	1	4.24%	575	2	3.09%
Avon Rubber & Plastics	696	2	3.39%	648	1	3.48%
Mercy Hospital Cadillac	600	3	2.92%	538	4	2.89%
Cadillac Area Public Schools	504	4	2.46%	320	8	1.72%
AAR Cadillac Manufacturing	490	5	2.39%	323	7	1.74%
Michigan Rubber Products	423	6	2.06%	457	5	2.46%
Cadillac Castings ¹	356	7	1.73%	454	6	2.44%
Lakeview Lutheran Manor	240	8	1.17%	153	10	0.82%
Rexair, Inc.	234	9	1.14%	550	3	2.96%
BorgWarner Cooling Systems ²	200	10	0.97%	170	9	0.91%
	<u>4,613</u>		<u>22.48%</u>	<u>4,188</u>		<u>22.52%</u>

Source: Michigan Department of Labor & Economic Growth; Cadillac Area Chamber of Commerce

¹ Formerly known as CMI Cadillac.

² Formerly known as Kysor of Cadillac.

CITY OF CADILLAC, MICHIGAN
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<i>Full-Time Equivalent Employees as of June 30,</i>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government										
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services	0.50	0.85	0.85	0.85	0.85	0.85	1.00	0.90	0.90	0.90
Finance	3.00	3.00	3.00	3.00	3.00	3.00	2.20	1.94	1.94	1.94
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Assessor	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Hall	1.71	1.45	1.45	0.45	1.45	1.75	2.50	1.90	1.30	1.30
City Engineer	2.50	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41
Public Safety										
Police	19.50	19.50	19.50	19.50	19.50	19.50	18.50	17.15	18.41	18.41
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Building Inspector	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.38	1.38	1.38
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21
Public Works	14.50	14.50	14.50	14.50	14.50	14.50	14.17	14.22	14.22	14.22
Data Processing	1.00	1.00	1.00	1.00	1.00	1.30	1.20	1.26	1.06	1.06
Auto Parking	0.00	0.00	0.00	0.00	0.00	0.40	0.35	0.35	0.09	0.09
Water & Sewer	20.00	21.00	21.00	21.00	21.00	21.00	21.20	21.20	21.00	21.00
Community Development	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.40	0.40	0.40
Cemetery	0.50	0.50	0.50	0.50	0.50	0.50	0.68	0.68	0.68	0.68
Total	85.00	84.00	84.00	83.00	84.00	85.00	84.00	82.00	82.00	82.00

Source: City of Cadillac Finance Department

CITY OF CADILLAC, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Traffic Citations	2,209	1,491	2,843	1,699	1,167	895	857	1,530	1,468	N/A ¹
Fire										
Number of Fire Inspections	21	41	30	50	30	50	50	57	129	N/A ¹
Number of Fires Reported	49	29	70	63	52	33	57	54	64	N/A ¹
Number of EMT Runs	934	984	837	516	463	949	1,347	1,414	1,322	N/A ¹
Building Inspection										
Number of Permits Issued	543	540	560	571	512	565	523	525	466	N/A ¹
Water										
Total Customers	3,342	3,375	3,383	3,408	3,414	3,407	3,456	3,487	3,520	3,524
Average Daily Consumption (thousands of gallons)	2,636	2,320	2,298	2,417	2,349	2,132	2,202	2,155	2,252	2,310
Wastewater										
Total Customers	3,461	3,477	3,481	3,499	3,504	3,493	3,526	3,544	3,569	3,573
Average Daily Treatment (thousands of gallons)	2,498	2,225	2,028	2,227	2,260	2,231	2,087	2,103	2,173	2,098

¹ Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2006.

Note: Indicators are not available for the general government function.

Source: Various government departments

CITY OF CADILLAC, MICHIGAN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	7	9	9	9	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	7	6	6	6	6	6
Culture and Recreation										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
Streets										
Streets (Miles)	66	66	66	66	66	68	68	68	68	68
Street Lights	572	572	572	568	570	571	573	574	574	574
Water										
Fire Hydrants	405	406	414	422	432	432	453	455	454	454
Miles of Water Mains	59	61	61	61	61	63	63	63	63	64
Water Mains Replaced (Feet)	8,630	6,000	7,000	7,858	7,200	6,330	4,700	3,450	3,185	200 ⁽¹⁾
Wastewater										
Miles of Sewer Mains	62	63	63	63	63	59	59	59	59	59
Feet of Sanitary Sewers										
Inspected with TV Cameras	950	4,687	2,010	2,150	2,805	4,600	3,670	2,949	3,380	1,900

(1) Water mains replaced was low in 2006, but the main projects through the year, including North Boulevard, Paluster Street and Kenwood Street were all projects where a total of one mile of new water mains were added.

Note: Capital asset statistics are not available for the general government function.

Source: Various government departments

CITY OF CADILLAC, MICHIGAN
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
1997	5,788,268	7,322,452	127	(1,534,184)
1998	6,218,592	7,923,062	127.4	(1,704,470)
1999	6,744,595	8,840,153	131.1	(2,095,558)
2000	7,370,963	9,439,499	128.1	(2,068,536)
2001	7,992,526	9,785,299	122.4	(1,792,773)
2002	8,358,393	9,712,366	116.2	(1,353,973)

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
7.95		706,666	28	42	26,669	44	11
10.00	(2)	600,549	25				
5.41	(3)	106,036	4				
11.29	(4)	416,678	16				
8.23	(5)	66,162	1				
7.94	(6)	157,452	3				
8.03		740,444	25	45	29,392	43.8	10.7
9.97	(2)	630,344	24				
5.53	(3)	85,466	3				
11.23	(4)	423,784	16				
8.14	(5)	73,862	1				
7.90	(6)	162,341	3				
8.03		733,548	23	44	31,156	44.6	11
9.98	(2)	724,015	25				
5.56	(3)	123,639	4				
11.31	(4)	469,628	18				
8.14	(5)	80,674	1				
7.90	(6)	174,064	3				
7.22		831,695	27	45	30,921	43.4	10
6.43	(2)	682,151	24				
6.05	(3)	122,066	4				
7.98	(4)	523,126	19				
6.89	(5)	78,851	1				
6.84	(6)	173,952	3				
7.55		874,910	27	49	32,069	43.5	10.5
6.80	(2)	735,799	25				
8.20	(3)	126,638	4				
8.42	(4)	470,240	17				
6.51	(5)	83,075	1				
7.19	(6)	178,648	3				
7.59		873,693	26	45	32,734	44.3	11.1
6.83	(2)	747,685	25				
8.10	(3)	126,412	4				
8.43	(4)	502,884	18				
6.51	(5)	87,693	1				
7.19	(6)	182,115	3				

CITY OF CADILLAC, MICHIGAN
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
2003	8,910,724	10,053,522	112.8	(1,142,798)
2004	9,170,012	9,990,746	109.2	(820,734)
2005	9,727,339	10,274,211	105.6	(546,872)
2006	N/A	N/A	N/A	N/A

NOTES:

- (1) The retirement board has implemented a program of contribution credits which give recognition to accelerated funding levels. Recent economic trends have produced a combination of high rates of investment return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule. The retirement board believes that overly rapid funding rates are inconsistent with the basic financial objective of level percent of payroll contributions. The accelerated funding credit allows contributions to temporarily be lower than the regular contribution. The accelerated contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually 0%.

Source: Gabriel, Roeder, Smith & Company, Actuaries

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
7.61		883,818	25	46	34,267	45.5	11.5
6.95	(2)	811,027	26				
8.16	(3)	154,700	5				
8.54	(4)	507,863	17				
6.52	(5)	92,455	1				
7.19	(6)	188,722	3				
7.83		883,119	24	46	36,051	46.8	12.9
7.56	(2)	872,706	27				
8.34	(3)	129,730	4				
8.61	(4)	274,145	9				
7.17	(5)	96,440	1				
7.81	(6)	195,344	3				
7.93		856,613	23	46	36,051	46.8	12.9
7.63	(2)	872,436	25				
8.36	(3)	140,049	4				
8.63	(4)	293,606	9				
7.17	(5)	103,690	1				
7.80	(6)	203,413	3				
N/A		N/A		N/A	N/A	N/A	N/A

(2) Local 14317 includes additional negotiated benefit for the union.

(3) Separate benefits for Housing Commission.

(4) Separate benefits for Library.

(5) Separate benefits for City Manager.

(6) Separate benefits for Department Heads.

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM (1)
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>		(2) ACTUARIAL ACCRUED LIABILITY	ASSETS ALLOCATED TO FUNDING	PERCENT FUNDED	UNFUNDED ACTUARIAL ACCRUED LIABILITY
1997	(3)	\$ 4,985,777	\$ 4,183,932	83.9	\$ 801,845
1998		5,021,702	4,721,444	94	300,258
1999		5,336,204	5,241,694	98.2	94,510
2000		5,600,202	5,724,442	102.2	(124,240)
2001		5,949,789	6,034,859	101.4	(85,070)
2002		6,958,880	6,041,096	86.8	917,784
2003		7,348,465	5,891,594	80.2	1,456,871
2004		7,982,006	5,848,560	73.3	2,133,446
2005		8,519,041	5,865,340	68.8	2,653,701
2006		N/A	N/A	N/A	N/A

NOTES:

- (1) Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. The fund is managed by a local board of directors.
- (2) Data from Gabriel, Roeder, Smith and Co., Actuaries.
- (3) Actuarial assumptions revised as a result of an experience study for the five-year period ending 6-30-97. Actuarial assumptions concerning rates of withdrawal, rates of retirement, rates of post-retirement mortality, investment return and wage inflation were all changed as a direct result of the study. The net effect was a decrease in the employer contribution rate of 2.1% of payroll.
- (4) Police 11.47%, Fire 12.91%
- (5) Police 12.73%, Fire 11.25%
- (6) Police 15.50%, Fire 17.44%
- (7) Police 17.34%, Fire 23.89%
- (8) Police 28.26%, Fire 26.58% (Each group contributes 3% of salary to cover benefit enhancements.)

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	AVERAGE ANNUAL PAY	AGE	SERVICE
15.87		\$ 1,197,184	30	19	\$ 39,906	39.2	11.8
14.3		1,188,026	29	20	40,966	39.7	12.2
13.11		1,274,419	29	21	43,945	39.8	11.6
11.99	(4)	1,347,171	29	21	46,454	40.8	12.6
12.19	(5)	1,406,654	29	21	48,505	41.8	13.6
16.41	(6)	1,352,466	28	24	48,302	41.4	12.5
20.01	(7)	1,237,171	26	26	47,584	41.5	13.1
27.61	(8)	1,391,450	27	27	51,535	41.2	12.6
31.1	(9)	1,446,234	27	30	53,564	41.6	13.1
N/A		N/A	N/A	N/A	N/A	N/A	N/A

(9) Police 30.83%, Fire 31.51% (Each group contributes 3% of salary to cover benefit enhancements.)

CITY OF CADILLAC, MICHIGAN
LABOR AGREEMENTS
JUNE 30, 2006

	DATE EFFECTIVE JULY 1,	EXPIRATION DATE JUNE 30,
<u>POLICE</u>		
Police Officers Association of Michigan (POAM) Local - Cadillac Police Officers Association (CPOA)	2005	2008
Command Officers Association of Michigan (COAM) Local - Cadillac Command Officers Association (CCOA)	2004	2007
<u>FIRE</u>		
International Association of Fire Fighters Local 704	2003	2006
<u>STREET DIVISION - DPW AND PUBLIC UTILITIES DEPARTMENT</u>		
United Steelworkers of America Local Union No. 14317	2004	2007

Source: City of Cadillac Human Resources Department

CITY OF CADILLAC, MICHIGAN
TAX INFORMATION
JUNE 30, 2006

TAXES DUE AND

PAYABLE:

City, School, and County taxes are due and payable July 1, and County and School taxes are due and payable December 1, at the office of the City Treasurer.

PENALTIES FOR

DELINQUENCY:

Beginning August 15, a 4% penalty is added to unpaid City and School taxes. Beginning September 1, an additional 1% per month is added through February. Beginning February 15, a 3% penalty is added to unpaid County and School taxes. Beginning March 1, the Wexford County Treasurer assumes collection of real property taxes. All delinquent personal property and delinquent industrial and commercial facilities taxes remain with the City Treasurer for collection.

LIEN ON PROPERTY:

Unpaid real property taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

Date of Sale May,	Delinquent Tax Properties to be Sold Year
1997	1994
1998	1995
1999	1996
2000	1997
2001	1998 and 1999
2002	2000
2003	2001
2004	2002
2005	2003
2006	2004

CITY OF CADILLAC, MICHIGAN

NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
LAST TEN FISCAL YEARS

FISCAL YEAR	WATER SUPPLY CUSTOMERS		WASTEWATER TREATMENT CUSTOMERS	
	NUMBER	PERCENTAGE OF CHANGE	NUMBER	PERCENTAGE OF CHANGE
1997	3,342	0.60	3,461	0.50
1998	3,375	1.00	3,477	0.50
1999	3,383	0.20	3,481	0.10
2000	3,408	0.74	3,499	0.52
2001	3,414	0.20	3,504	0.10
2002	3,407	(0.21)	3,493	(0.31)
2003	3,456	1.40	3,526	0.94
2004	3,487	0.90	3,544	0.51
2005	3,520	0.95	3,569	0.71
2006	3,524	0.11	3,573	0.11

AVERAGE NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS

BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2006

METER CLASSIFICATION	AVERAGE CUSTOMERS	
	WATER SUPPLY	WASTEWATER TREATMENT
Unmetered	0	182
5/8"	3,202	3,132
3/4"	3	3
1"	131	106
1 1/2"	78	62
2"	81	64
3"	9	9
4"	15	12
6"	4	3
8"	1	0
TOTAL	<u>3,524</u>	<u>3,573</u>

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*

CITY OF CADILLAC, MICHIGAN

MONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION
THROUGH FISCAL YEAR JUNE 30, 2006

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	\$ 1.75
1"	2.95
1 1/2"	5.90
2"	9.45
3"	20.60
4"	35.40
6"	73.90
8"	106.40
10"	171.40
12"	254.10

MONTHLY WATER SUPPLY READY-TO-SERVE CHARGE BY METER CLASSIFICATION
FISCAL YEARS ENDED JUNE 30, 1996 THROUGH 2005

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
1997	4.22	6.39	7.52	9.63	14.47	39.91	54.90	88.68	96.92
1998	4.35	6.58	7.75	9.92	14.90	41.11	56.55	91.34	99.83
1999	4.48	6.78	7.98	10.22	15.35	42.34	58.25	94.08	102.83
2000	4.61	6.98	8.22	10.53	15.81	43.61	60.00	96.90	105.92
2001	4.00	6.01	10.02	20.04	32.06	70.13	120.23	250.47	360.68
2002	4.12	6.19	10.32	20.64	33.02	72.22	123.84	257.98	371.50
2003	4.25	6.40	10.65	21.25	34.00	74.40	127.55	265.70	382.65
2004	4.40	6.60	10.95	21.90	35.00	76.65	131.40	273.65	394.15
2005	4.60	6.85	11.40	22.80	36.40	79.70	136.65	284.60	409.90
2006	4.80	7.10	11.85	23.70	37.85	82.90	142.10	296.00	426.30

CITY OF CADILLAC, MICHIGAN

MONTHLY READY-TO-SERVE CHARGE FOR WASTEWATER TREATMENT
THROUGH FISCAL YEAR JUNE 30, 2006

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
1997	6.90	10.40	12.26	15.35	23.38	64.79	88.37	143.48	223.87
1998	7.10	10.71	12.63	15.81	24.08	66.73	91.02	147.78	230.59
1999	7.31	11.03	13.01	16.28	24.80	68.73	93.75	152.21	237.51
2000	7.53	11.36	13.40	16.77	25.54	70.79	96.56	156.78	244.64
2001	6.60	9.90	16.50	33.00	52.80	115.50	198.00	412.50	594.00
2002	6.80	10.20	17.00	34.00	54.38	118.97	203.94	424.88	611.82
2003	7.00	10.50	17.50	35.00	56.00	122.55	210.05	437.60	630.20
2004	7.20	10.80	18.05	36.05	57.70	126.25	216.35	450.35	649.10
2005	7.50	11.25	18.75	37.50	60.00	131.30	225.00	468.80	675.05
2006	7.80	11.70	19.50	39.00	62.40	136.55	234.00	487.55	702.05

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*

CITY OF CADILLAC, MICHIGAN

FIFTEEN LARGEST WATER AND SEWER USERS
JANUARY 1, 2005 THROUGH DECEMBER 31, 2005

		<u>CUBIC FEET</u>		<u>GALLONS</u>		<u>DOLLARS</u>
		<u>WATER</u>	<u>SEWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>WATER AND SEWER</u>
1)	Cadillac Castings, Inc.	12,590,800	10,702,175	94,179,184	80,052,269	\$ 332,667
2)	Avon Rubber & Plastics, Inc.	12,219,400	9,745,627	91,401,112	72,897,290	290,507
3)	AAR Cadillac Manufacturing	10,607,400	8,133,465	79,343,352	60,838,318	218,974
4)	Paulstra CRC	1,338,000	3,498,200	10,008,240	26,166,536	115,522
5)	Mercy Hospital	2,257,500	2,257,500	16,886,100	16,886,100	79,006
6)	Cadillac Renewable Energy	0	1,678,667	0	12,556,429	57,990
7)	Piranha Hose	2,000,400	2,000,400	14,962,992	14,962,992	51,216
8)	Borg-Warner	1,530,500	1,530,500	11,448,140	11,448,140	41,440
9)	Michigan Rubber Products	1,523,300	1,523,300	11,394,284	11,394,284	41,090
10)	Pheasant Ridge Estates	1,600,000	1,600,000	11,968,000	11,968,000	36,127
11)	Country Acres	1,311,400	1,311,400	9,809,272	9,809,272	34,215
12)	4- WINNS	988,900	988,900	7,396,972	7,396,972	32,269
13)	Lakeshore Linen	939,100	939,100	7,024,468	7,024,468	28,316
14)	Leisure Park	752,000	752,000	5,624,960	5,624,960	19,718
15)	Kolarevic Car Wash	389,800	389,800	2,915,704	2,915,704	11,115
TOTAL						<u>\$ 1,390,172</u>

MONTHLY WATER SUPPLY COMMODITY CHARGE
FISCAL YEARS ENDED OR ENDING JUNE 30, 1997 THROUGH 2006

<u>FISCAL YEAR</u> <u>ENDED OR</u> <u>ENDING JUNE 30,</u>	<u>0 TO</u> <u>600 CF</u>	<u>600 TO</u> <u>10,000 CF</u>	<u>10,000 TO</u> <u>100,000 CF</u>	<u>100,000 TO</u> <u>250,000 CF</u>	<u>OVER</u> <u>250,000 CF</u>
1997	\$ 0.64	\$ 0.79	\$ 0.57	\$ 0.46	\$ 0.39
1998	0.66	0.80	0.57	0.48	0.41
1999	0.68	0.82	0.61	0.50	0.43
2000	0.70	0.84	0.63	0.52	0.45
2001	0.84	0.74	0.65	0.55	0.46
2002	0.87	0.76	0.67	0.57	0.48
2003	0.90	0.78	0.69	0.59	0.50
2004	0.93	0.80	0.71	0.61	0.52
2005	0.97	0.83	0.74	0.63	0.54
2006	1.01	0.86	0.77	0.66	0.57

CITY OF CADILLAC, MICHIGAN

MONTHLY WASTEWATER TREATMENT COMMODITY CHARGE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u> <u>ENDED OR</u> <u>ENDING JUNE 30,</u>	<u>CHARGE PER</u> <u>100 CF</u>	<u>PERCENT</u> <u>CHANGE</u>
1997	\$ 1.37	3.0
1998	1.41	3.0
1999	1.45	3.0
2000	1.49	3.0
2001	1.52	2.0
2002	1.57	3.3
2003	1.62	3.2
2004	1.67	3.1
2005	1.74	4.2
2006	1.81	4.0

Data furnished in compliance with securities and exchange commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*

CITY OF CADILLAC, MICHIGAN

WATER SUPPLY AND WASTEWATER TREATMENT VOLUME AS PUMPED
LAST TEN FISCAL YEARS

FISCAL YEAR	WATER SUPPLY VOLUME AS PUMPED			WASTEWATER TREATMENT VOLUME AS PUMPED			WASTEWATER TREATMENT AS A PERCENT OF WATER SUPPLY
	CUBIC FEET	GALLONS	CHANGE	CUBIC FEET	GALLONS	CHANGE	
			IN PERCENT			IN PERCENT	
1997	128,649,700	962,300,000	1.50	121,911,800	911,900,000	24.70	94.70
1998	113,222,000	846,900,000	(12.00)	108,570,000	812,100,000	(10.90)	95.90
1999	112,150,000	838,900,000	(0.90)	98,940,000	740,100,000	(8.90)	88.20
2000	117,928,000	882,100,000	5.10	108,663,000	812,800,000	9.80	78.60
2001	114,643,000	857,528,000	(2.80)	110,280,000	824,893,000	1.50	96.20
2002	104,011,000	778,000,000	(9.30)	108,877,000	814,400,000	1.30	104.70
2003	107,473,262	803,900,000	0.03	101,844,920	761,800,000	(0.06)	94.76
2004	105,160,428	786,600,000	(0.02)	102,606,952	767,750,000	0.01	97.60
2005	109,906,000	822,100,000	0.05	106,048,000	793,240,000	0.03	96.49
2006	112,727,000	843,200,000	2.60	102,366,000	765,700,000	(3.50)	90.80

WATER SUPPLY AND WASTEWATER TREATMENT VOLUME BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2006

METER CLASSIFICATION	WATER SUPPLY VOLUME AS BILLED		WASTEWATER TREATMENT VOLUME AS BILLED	
	CUBIC FEET	PERCENT	CUBIC FEET	PERCENT
		OF TOTAL		OF TOTAL
Unmetered		0		N/A
5/8"	28,880,130	31.88	27,629,680	31.37
3/4"	25,900	0.03	25,900	0.03
1"	4,426,900	4.89	3,047,900	3.46
1 1/2"	3,949,100	4.36	2,539,500	2.88
2"	19,696,104	21.74	27,321,438	31.01
3"	2,468,800	2.73	2,468,800	2.80
4"	13,058,200	14.41	11,515,904	13.07
6"	16,510,500	18.22	13,550,800	15.38
8"	1,577,500	1.74	0	0.00
TOTAL	90,593,134	100.00	88,099,922	100.00

CITY OF CADILLAC, MICHIGAN
WATER SUPPLY AND WASTEWATER TREATMENT REVENUE
AS BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2006

<u>METER CLASSIFICATION</u>	<u>WATER SUPPLY</u>		<u>WASTEWATER TREATMENT</u>	
	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>
Unmetered			\$ 44,351	2.23
5/8"	\$ 449,341	44.43	706,627	35.61
3/4"	489	0.05	651	0.03
1"	55,784	5.52	78,690	3.97
1 1/2"	54,940	5.43	72,889	3.67
2"	185,556	18.35	524,900	26.45
3"	28,522	2.82	58,089	2.93
4"	103,290	10.22	239,377	12.06
6"	116,767	11.55	259,034	13.05
8"	16,449	1.63	0	0.00
TOTAL	<u>\$ 1,011,138</u>	<u>100.00</u>	<u>\$ 1,984,608</u>	<u>100.00</u>

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*